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City of Boston

Massachusetts



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Comprehensive Annual Financial Report

Calendar Year Ended June 30, 2001



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City of Boston

Massachusetts

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2001

Thomas M. Menino, Mayor

Edward J. Collins, Jr., Chief Financial Officer

Sally D. Glora, City Auditor



Prepared by the City of Boston Auditing Department



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Cover photo: City skyline overlooking the Charles River

Back Photo: Boston view from the Massachusetts Institute of Technology

City of Boston, Massachusetts
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2001

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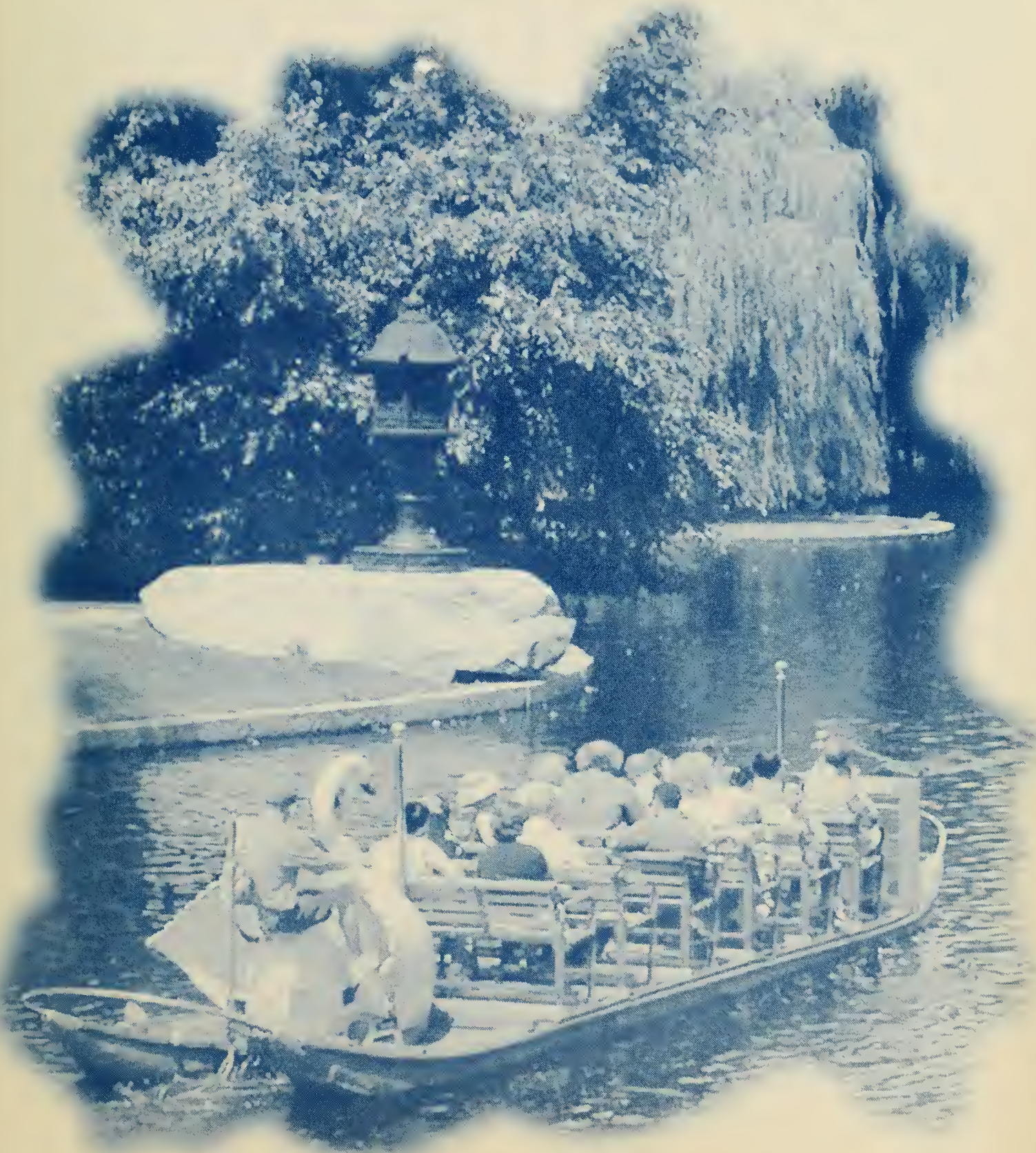
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INTRODUCTORY SECTION



Swan Boats in the Public Garden



City of Boston
Auditing Department

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December 26, 2001

***The Honorable Mayor and
Members of the City Council:***

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Boston (City) for the fiscal year ended June 30, 2001. The accuracy of the financial statements together with the completeness and fairness of their presentation are the responsibility of the City's management. The enclosed data is accurate in all material respects and all disclosures necessary have been included to present fairly the financial position of the City. The financial position and results of operations of the various funds and account groups have been prepared in accordance with generally accepted accounting principles (GAAP), as established by the Governmental Accounting Standards Board (GASB). The requirements of State finance law of the Commonwealth of Massachusetts and the City Charter have also been satisfied.

The report is presented in three sections: (1) the Introductory Section includes general information about the City and summarizes financial activity for the fiscal year; (2) the Financial Section includes the Independent Auditors' Report on the City's General Purpose Financial Statements, the General Purpose Financial Statements and the Combining and Individual Fund Financial Statements and Schedules for the various funds and account groups including required supplemental information; and (3) the Statistical Section includes financial data, debt computations, and a variety of demographic, economic and supplemental statistical information concerning the City.

In addition to all funds and account groups of the City, the report includes information pertaining to component units included in the City's reporting entity because of the significance of their operational and/or financial relationship with the City as required by GASB Statement No. 14. The State-Boston Retirement System (SBRS) has been presented as a blended component unit because it provides services almost exclusively to the primary government. Discretely presented component units are reported in a separate column to emphasize that they are legally separate from the City but are included because the City is financially accountable for and is able to impose its will on the organization. The following component units have been discretely presented in the General Purpose Financial Statements: Boston Redevelopment Authority, Economic Development Industrial Corporation, Boston Public Health Commission and Trustees of the Public Library of the City of Boston.

Thomas M. Menino, Mayor
Sally D. Glora, City Auditor

Economic Conditions and Outlook

The City of Boston is the economic hub of both the Commonwealth of Massachusetts and the New England region. It is a center for professional, business, financial, higher education and medical services as well as transportation, communication, export, cultural and entertainment activities. Boston is also the state capital and the host to several federal agency offices. High technology, tourism, research and development, manufacturing, and wholesale distributions also contribute to the economy of the City and its suburbs.

The City's economy continues to perform well. It is best characterized by record low unemployment, robust property value growth and healthy, broad economic development. Each year since 1996 Boston has been upgraded by one of its rating agencies. The financial markets expressed their confidence in Boston's fiscal health when Standard & Poor's upgraded the City's bond rating from A+ to AA- in January 2001. Factors contributing to the confidence in Boston are its dominant role in the New England economy, the established track record of effective financial management and the City's continued conservative debt management and capital planning.

Overview of Local Economy

Boston has benefited from an economic expansion for more than nine years. The number of jobs in the City reached an all-time high as indicated by first-quarter calendar year 2001 statistics. Conversely, unemployment continued at a record low based on data through June 2001. Low unemployment was maintained due to a diverse employment base, which is made up of financial and business services, research and development, health care and higher education, tourism and retail trade. Boston's office, hotel and housing markets are among the nation's strongest.

Employment

The calendar year 2000 annual unemployment rate for the City averaged 2.9% versus the state unemployment figure of 3.4%. Statewide, unemployment fared better than the national average of 4.5%.

Commercial Office Market

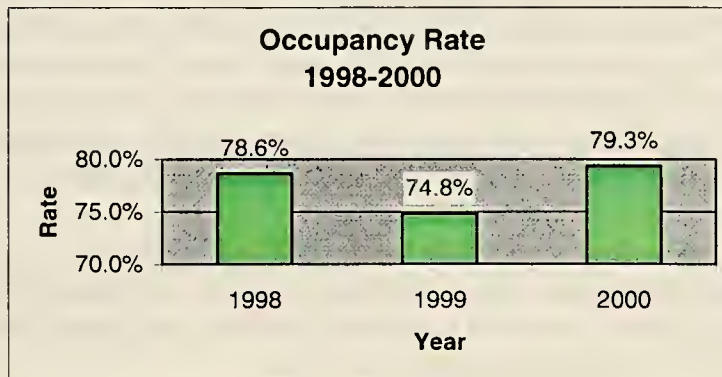
As of December 31, 2000, Spaulding & Slye, a local real estate broker, reported the vacancy rate at 2.5% for Class A space and 3.2% overall. Additionally, office rents averaged approximately \$57 per square foot, while top prime spaces ranged from \$85 to \$95 per square foot.

Three office projects were completed in 2000. Five major new office buildings totaling 3.6 million square feet of space, along with four major renovations with 0.7 million square feet of

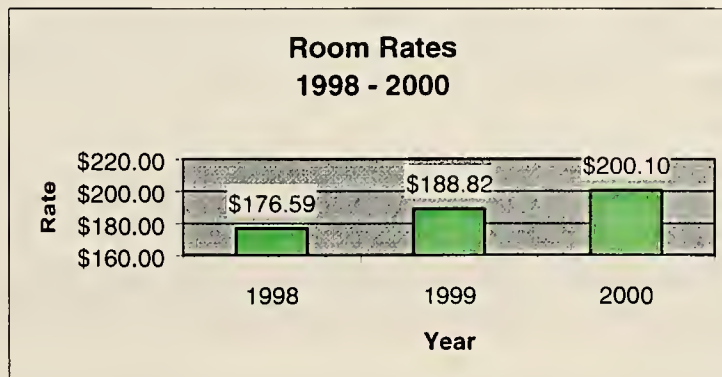
space are under construction and scheduled for completion in 2001-2003. Seven large office projects and several renovations are pending which, if completed, would add another 4.8 million square feet of space.

Hotel Market

Boston's hotel market is one of the nation's strongest. Below is a comparison of the most recent data from 1998 through 2000:



After a 3.8% decline between 1998 and 1999 the rate in 2000 rebounded by 4.5% from 1999



Over a 3-year period, per diem room rates rose a total of \$23.51

Hotel room construction has added 1,856 rooms between July 1997 and December 2000. An additional 473 rooms will be added with the completion of three new hotels currently under construction. Several hotel projects have been filed for approval with the Boston Redevelopment Authority. Upon approval, the potential exists for an additional 5,036 rooms.

Housing Market

Throughout the City there were 3,231 residential sales during the first ten months of calendar year 2000, a drop of 12.9% over the same calendar year period in 1999. Median prices for an existing home escalated from first quarter in 2000 to the first quarter in 2001 by 13.9%. Prices for a single-family home during the second quarter of 2000 averaged \$209,000, up 35% over two years. Condominium prices over the same period of time averaged \$221,000.

Retail Market

Retail markets remain strong. There are now 19 neighborhood business districts selected for the Main Streets Program which is a public-private initiative of the City established in 1995 to revitalize neighborhood commercial districts through locally established organizations. As of December 2000, it has generated 347 new and expanded businesses, created 2,490 new jobs, and provided for 201 storefront improvements. These projects have leveraged over \$40.4 million in private sector investment and over \$5.5 million of public sector investment.

Additionally, three major retail developments are operational. These include 200,000 square feet of retail and theater space at Millennium Place on Lower Washington Street; three buildings in Dudley Square renovated to include first floor retail space; and a 50,000 square foot retail complex in the Grove Hall section of Dorchester.

Active Construction Projects

Fiscal 2001 building permit revenues were reported at \$27.2 million for the year. This represents an increase of \$9.3 million from building permit revenues of \$17.9 million reported in the prior fiscal year.

Through the year 2004, the Boston metropolitan area continues to be the site of several major public sector projects including the depression of the Central Artery and the construction of a four-lane tunnel under Boston Harbor. During the peak construction years from 1998 through 2001 it is estimated that transportation projects have employed approximately 5,000 on-site workers and 10,000 auxiliary workers.

A long-range capital program of approximately \$3.0 billion has been developed by the Massachusetts Port Authority for improvements to its facilities, most of which are located in the City. Logan International Airport is undergoing a major modernization. Improved walkways, new roadway signage, and major terminal renovations are among the planned changes. A 3,150 car-parking garage and a 600-room hotel are complete and operational. Construction continues on a double-decked roadway system at the airport.

The Massachusetts Water Resources Authority (further referred to in this document as MWRA) will spend an estimated \$1.9 billion during the next ten years on water and wastewater improvements. The largest expenditures will be for the Walnut Hill Water Treatment Plant, improved water storage facilities and reductions in combined sewer overflows. Small areas of these improvements are located in Boston proper but they should nonetheless provide major improvements in the infrastructure that serves the City.

The City and the Massachusetts Convention Center Authority (further referred to in this document as MCCA) are in the process of constructing the Boston Convention and Exhibition Center (further referred to in this document as BCEC) on a 60-acre site on Summer Street in South Boston in the South Boston Seaport District. The 1.7 million square-foot facility, expected to open for operations in fiscal year 2004, will include approximately 600,000 square feet of contiguous exhibition space on one level, 200,000 square feet of meeting space and a 50,000 square-foot ballroom as well as banquet and lecture halls, and indoor underground parking. The Boston Redevelopment Authority (further referred to in this document as BRA) has been responsible for site acquisition, demolition, site preparation, and environmental remediation and the BRA will convey the site to the MCCA for a nominal consideration.

Currently, a private group of investors is working with the City on a plan to replace Fenway Park, the home of the Boston Red Sox, with a new facility. The new stadium is to be built on the site adjacent to the current ballpark.

Tourism

The Greater Boston Convention and Visitors Bureau (further referred to in this document as CVB) estimated that 12.9 million domestic and international visitors visited the Boston metropolitan area in 2000, up by 8.4% from the 11.9 million visitors in 1999. Forecasts for visitors in 2001 are expected to increase an additional 1% to 13 million. The latest data on the economic impact of tourism from the CVB shows that, for the five county region of greater Boston, an estimated \$7.0 billion was spent on hotel accommodations, meals, entertainment, shopping, transportation and other services during 2000.

In 2000, the City held a large celebration, Millennium 2000, lasting several days. Sail Boston held during July 2000 attracted over 4 million people to the waterfront for a parade of Tall Ships.

Boston is an attractive destination for conventions and meetings. In 2000 Boston hosted 2.8 million convention and meeting visitors, including 23 Citywide conventions, ranging in size from 3,000 to 27,000 attendees. There were also 64 college commencements in a six-week period in May and June.

Future Economic Outlook

Several economic indicators show positive signs for Boston's economy. Investment by the private sector for active construction projects was \$3.1 billion in fiscal year 2001. City revenue sources and those of the Commonwealth of Massachusetts fund the current construction of the BCEC. The City is responsible for \$157.8 million of the total \$700.0 million investment. Once completed, this site will generate 3,000 permanent jobs and increase retail sales activity.

Together these private and public investments in the City's infrastructure serve as an indicator of new jobs, additional federal funds and continued economic growth.

Major Initiatives

Thomas M. Menino, Mayor of the City of Boston, was re-elected in November 2001 to a third four-year term, which expires in January 2006. His commitment to promoting initiatives continues in the areas of public education, public safety, housing and neighborhood development, employment and economic development within the City.

Community Programs

The City has launched "Seniors Count", an innovative new program developed by the staff of the Commission for the Affairs for the Elderly. It is designed to provide information about various programs and services available to seniors living in private housing arrangements. Under the leadership of the Mayor and the Elderly Affairs Commissioner, Seniors Count began in the summer of 1999 in Jamaica Plain and West Roxbury – the neighborhoods with the highest concentration of seniors living independently. Since its inception, the Seniors Count Program has obtained profiles of 2,533 seniors, 1,610 of which required assistance. It has made 4,319 referrals providing seniors with information on the people and agencies that can address their needs. Examples of referrals include: government benefits, home repair, fire safety, tax exemptions, home care, dental and other medical and legal services.

The Boston Community Learning Centers (further referred to in this document as BCLC) are located in 30 Boston Public School Buildings. The BCLC Initiative is managed through a partnership between the Mayor's Office of Community Partnerships, Boston Public Schools, Boston 2:00 to 6:00 After School Initiative, Parent's United for Child Care, Dimock Community Health Center and READ Boston. Each site supports family, school and community connections, through collaborations and partnerships. The goal of the BCLC model is to provide comprehensive school-based services and support that includes academic, health, recreational and social services to young people, their families and neighborhood residents.

In three years, the BCLC has grown from three sites in 1999 to 30 sites in 2001. This past summer, the initiative provided resources to fund 17 summer programs across the sites that provided 817 youths with a variety of services.

One in four Bostonians was born in another country, collectively speaking more than 100 languages. Lack of English proficiency is a common barrier for many new immigrants. This past year, "English for New Bostonians", a public/private partnership, was introduced. In fiscal year 2002, this program, with the help of businesses and community organizations, will provide an additional 400 seats in English classes across the City. Boston has also hosted and sponsored many employee-training programs, one of which is a Culinary Arts program that combines English classes and training in the culinary arts.

Economic Development

Public and private investments in entertainment and infrastructure are providing additional revenue and future growth for the City and its residents.

Construction of a new Loews Cinema is complete and was opened in July 2001. The theater is located adjacent to the Boston Common at the intersection of Tremont and Avery Streets.

The Massachusetts Legislature enacted the Fenway Park Act (Chapter 208 of the Acts of 2000) in August 2000 to support the development of a replacement facility for Fenway Park, the home field of the Boston Red Sox. The Economic Development and Industrial Corporation has been authorized under this Act to acquire additional sites adjacent to the new ballpark and to construct related facilities on that site to support the new ballpark. Separately, the Act includes an appropriation by the Commonwealth of \$100 million for infrastructure improvements that include streets, mass transit, utility, and landscape.

The Office of Environmental Services, in conjunction with the Save the Harbor/Save the Bay plan to build the South Bay Harbor Trail. Mayor Menino, on April 21, 2001, announced a \$2 million state Public Works Economic Development grant for infrastructure improvements, including pedestrian and bicycle amenities, to the Crosstown Center development, which will abut the proposed South Bay Harbor Trail at Melnea Cass Boulevard and Massachusetts Avenue.

Ten percent of the City's population resides in the area designated as the Empowerment Zone (further referred to in this document as EZ). This area's population has an unemployment rate of 16.1%, and 43% of adults over the age of 25 have less than a high school diploma. Goals of the EZ include: job creation, business development, home ownership opportunities, affordable housing creation, transit system improvements, computer technology training, and job training and educational efforts.

Public Education

Efforts continue to reform our schools. Boston is the first major urban public school district to have every school connected to the Internet. The student-to-computer ratio is 6:1. Computers and technology have become more accessible to youth, thanks to a new technology initiative called Kids Compute 2001. Additionally \$250 million is being invested in technology, schoolyards and schools.

Public Safety

During the eight years that the mayor has been in office, 750 new police officers have been put on the streets while 250 drug dens have been transformed into safe neighborhood homes. During this time, there were increases in staffing to support the state-of-the-art crime lab at police headquarters. More treatment centers were created to support and counsel people for substance abuse and mental illness. Additionally, the administration launched a campaign program alerting young adults about domestic violence. All of these changes have resulted in the lowest crime level in 30 years.

Current Projects

Government Effectiveness

The Boston Administrative Information System (BAIS) Support Program provides the maintenance and support of the City's financial and human resource management systems. The BAIS applications are the foundation for the City's administrative and financial functions. During fiscal 2001, Asset Management applications were developed, ensuring compliance with GASB 34 requirements effective in fiscal 2002. Workflow was developed to improve a paper intensive procurement process and address documentation of receipt of goods and services. Semi-monthly payrolls were eliminated creating an estimated savings of 7,000 work hours. Work began on a major Human Resource Management Systems (HRMS) upgrade scheduled for February 2002.

BAIS provides Citywide integrated applications that provide the City with timely and accurate reporting of financial and human resource information. These systems position City managers to be responsive to controlling staffing and budgets throughout the fiscal year.

Civic.com acknowledged the City's efforts in receiving the Civic 50 Award, chosen from almost 200 entries, for improving government through technology. The City continues to focus on maintaining and upgrading BAIS applications and exploring ways to maximize the application functionality to improve government operations.

During fiscal 2000 the Mayor announced a new program evaluation initiative known as “Nothing but the FACTS”. It was designed to be an objective, open and independent analysis of the performance of a City organization, program, activity or function. The FACTS program will inform management and foster interdepartmental communications by providing accurate information, unbiased analysis, and objective recommendations. The City recognizes, that while much can be done within single departments, more can be accomplished through cross-department integration of effort.

The Office of Budget Management (OBM)’s staff performs the review. OBM conducts program evaluations and other special studies at the direction of the Mayor and the Cabinet. The FACTS program and performance measures have increased communication among departments, brought experts in various departments and provided reliable information to change the way we do business. Service areas discussed include: street lighting, energy management, permits, and facility management.

Housing

“Leading the Way”, a comprehensive strategy to increase and protect Boston’s housing supply, lays the groundwork for the City to accomplish its goal to create more affordable housing. The City has committed \$30 million in resources from the sale of surplus property. The first \$13 million toward that commitment was appropriated during fiscal year 2001. It is anticipated that the City will request an appropriation for the next \$13 million during fiscal year 2002, once the sale of 154 Berkeley Street has been finalized.

Open Spaces

As a result of the Mayor’s commitment to making Boston a more livable City, renovations are underway to enhance and expand the parks within the City. Over the next four years, Boston’s usable park system will expand by 25 percent to include land over the new Central Artery, the Harbor Islands and numerous neighborhood pocket parks. One of the more recent initiatives is the restoration of the Gardner St. Landfill, which was completed in November 2000. Located in the West Roxbury section of Boston, this reclamation of land has created a 100-acre park, larger than the Boston Common and the Public Garden combined. Existing wetlands will be preserved, and Bostonians will have recreational access to the Charles River. Across the City, through the Mayor’s Open Space Acquisition Program, the City works with civic associations to identify abandoned parcels for conversion to park space.

Public Education

The Math Support Plan, which began in fiscal year 2001, will initiate a broader math effort across all grades. The Kids Compute 2001 Initiative, combined with computer technology upgrades, is designed to enhance computer literacy across Boston’s student population.

Additionally, the Write Boston program, with an effort to further improve MCAS scores of Boston's students, is geared to writing skills and proficiency in all grades.

Current focus is also on the purchase of new instructional materials in history, social studies and world languages. Ongoing support for high schools to meet accreditation standards and a reinvention of the School Department's human resources function to increase capacity to recruit and hire the highest-quality teachers in future years was completed during fiscal year 2001.

Public Safety

Traffic safety is the focus of the Neighborhood Policing strategies of the Boston Police Department, the traffic calming initiatives of the Transportation Department and the "Walk This Way" pedestrian safety program coordinated by the Public Health Commission.

The City has earmarked Three Hundred Thousand dollars to install new school zone traffic signals at crosswalks and intersections around schools.

Other Projects

Boston's reputation as a top, dominant metropolis is growing. Projects underway include the new Ritz-Carlton Hotel and the Allston-Brighton YMCA. The Marriott majority-owned Ritz Carlton is to be located in the Boston Common vicinity.

Future Projects

Capital Plan

The City's 2002-2006 Capital Plan proposes new long-term investments over the next 5-7 years, as well as several studies to lay the groundwork for future growth. In total, over \$1.48 billion of City and non-City sources have been proposed to be spent on Capital Projects. These expenditures will be used for improvements to schools, public safety, libraries, parks and recreation, roads and bridges, community centers, technology upgrades, public health and environmental initiatives. In view of the proven economic and social benefits of consistent, long-range capital planning, the City remains committed to moving forward with its capital program.

The Police Department's Capital Plan includes authorized funding for the construction of a new neighborhood station in the South End and renovations to the West Roxbury station. The Fire Department will be purchasing a new fire radio system and undergoing fire station repairs in 2002.

The Boston Public Schools' Capital Plan includes the construction of 3 new schools; masonry repairs at 20 schools; roof replacements at 5 schools; construction and installation of modular classrooms facilities at 2 schools; the design of full electrical and technology wiring upgrades at 29 schools and the construction and renovation of 15 schoolyards and the design of another 8 schoolyards. These items are highlights of school projects and are accompanied by a wide assortment of maintenance projects for schools including window replacement, roof maintenance, boilers and HVAC systems.

Capital investment has supported the City's commitment to efficient, effective municipal management by building a physical infrastructure that is strong and adaptive. Substantial investment has been made in capital improvements, technological advances, and equipment for maintenance programs to improve safety conditions, decrease operating costs and provide better service delivery.

Economic Development Activities

The BRA has released the Seaport Public Realm Plan that describes the development of the over 1,000-acre South Boston waterfront area. The BCEC is the keystone of the seaport development and is expected to attract thousands of new visitors and millions of new dollars into Massachusetts each year. It will serve as a catalyst for the development of new hotels in the area. The South Boston Waterfront will be a destination for workers, residents and visitors. Areas have been identified for cultural facilities, parks, and gateways to Boston Harbor and the Islands.

A variety of studies is planned to enhance economic development activities. Included are water transportation for the Aquarium/Central Wharf; Boston 2000, exploring land use and development for new areas created by the Central Artery/Third Harbor Tunnel Project; and Boston 400, a comprehensive master planning process to determine infrastructure investment and economic development for this century.

Service Accomplishments

The City is proud of its contributions to improving the quality of life and education, as well as the strength of Boston's economy. While the City is proud of its accomplishments, it recognizes the need for continual change to meet the needs of Boston's citizens and its economy.

The Public Works Department continued the "Pave the Way" program. The program resurfaced 91 miles of roads and reconstructed 40 miles of sidewalks during the 2001 fiscal year.

For purposes of reviewing the operations and organization of the Fire Department, the Mayor appointed the O'Toole Commission. The Fire Department's budget incorporated several of the recommendations made in the O'Toole Commission report. These efforts will include a reduction in the number of firefighters injured on duty, improvements in scheduling staff, and a concentrated effort to reverse the pattern of escalating overtime costs.

During 2001, the Public Health Commission created the Elder Health Office to improve the health of the adult population. Working with the Commission for the Affairs of the Elderly and other agencies, the Elder Health Office will develop educational campaigns and programs that focus on reducing diabetes, osteoporosis, and arthritis.

Last fiscal year the Housing Linkage Program was implemented. It uses the payments from developers to fund affordable housing opportunities across the City. With the support of the City Council, Boston will be better positioned to work on solutions with builders, nonprofit groups, and other levels of government.

Construction activity was vigorous in fiscal year 2001. New buildings include the Allston Library, located at 300 North Harvard St., Allston, and the new Area D-4 Police Station on Harrison Ave in the South End. The library will provide resources and online services for the City's residents, tools for students in the area and act as a voting location for certain precincts of Allston in primary and general elections. The new police station will increase public safety with more police force on the scene.

During 1997, the Boston Public Schools (BPS) implemented a five-year education reform plan, "Focus on Children", to improve student achievement. It serves as a guide to help bring about whole school change. Some of the goals include changing the BPS structure to focus on serving the community and improving teaching and learning through the Transition Program and the Math Support Plan, to enable all students to achieve high standards of performance. Other educational accomplishments include: reducing the class size in Grade 1 and Grade 2, implementing the Transitions Services Program with a focus on literacy, and the opening of the Quincy Upper School Pilot School.

Accounting System and Budgetary Control

The accounts of the City are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise each fund's assets, liabilities, fund balance, revenues and expenses. An integrated computerized financial accounting system is maintained by the Auditing Department to record transactions within these accounts. This system is an encumbrance accounting system, which monitors the City's purchase orders for goods, services and other contractual commitments. The City budgets and maintains its books and records on a statutory basis of accounting prescribed by the Commonwealth of Massachusetts. This basis of accounting differs from accounting principles generally accepted in the United States of America.

The City's management is responsible for establishing and maintaining internal accounting controls designed to provide reasonable, but not absolute, assurance that the assets of the City are safeguarded from loss, theft or misuse. In addition, the internal control structure reasonably assures that adequate accounting data are compiled to allow for the preparation of financial

statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. The City Auditor is responsible for evaluating the adequacy and effectiveness of the control structure, and the Auditing Department conducts a periodic evaluation of the control structure's effectiveness.

As a part of its internal control structure, the City maintains budgetary controls. The objective of these controls is to ensure compliance with the legally mandated budget adopted by the City Council. Activities of the General Fund are included in the annual budget. The budgets within the Special Revenue Fund are established based on specific grant requirements or specific legislation, but are not subject to City Council approval. The Capital budget reflects long-term needs financed primarily through the issuance of bonds. This multi-year plan is subject to approval by the City Council. Specific budgets are established for each capital project prior to its inception.

The function and activity within the individual fund establishes the level of budgetary control. Budgetary control in this context defines the level at which expenditures cannot legally exceed the appropriated amount. In the case of the General Fund, this control is at the department level. In the case of the Special Revenue and Capital Projects Funds, the control is at the grant or project levels respectively. All of these budgetary controls reside within the City's financial system and are monitored by the Office of Budget Management and the Auditing Department to ensure compliance.

The Federal Single Audit Act requires the City to have an annual independent audit conducted on the federal financial assistance it has received. This audit is conducted simultaneously with the City's annual financial statement audit.

A significant portion of the Single Audit work is devoted to evaluating the City's internal control structure. The evaluation includes tests of a significant number of individual federal grant transactions that occurred during the fiscal year. The Single Audit work also requires that the auditor determine whether the organization has complied with laws and regulations that may have a material effect on each of its major federal financial assistance programs. All of the City's major federal programs are evaluated for the adequacy of internal controls and compliance with laws and regulations.

The City's Single Audit report for the year ending June 30, 2001 included no instances of material weaknesses in the internal control structure, nor were any significant violations of the applicable laws and regulations reported. The report is publicly issued under a separate cover. In addition to the annual audit of the federal financial assistance programs, the City also identifies specific grants received from the State for compliance and internal control review by the external auditors.

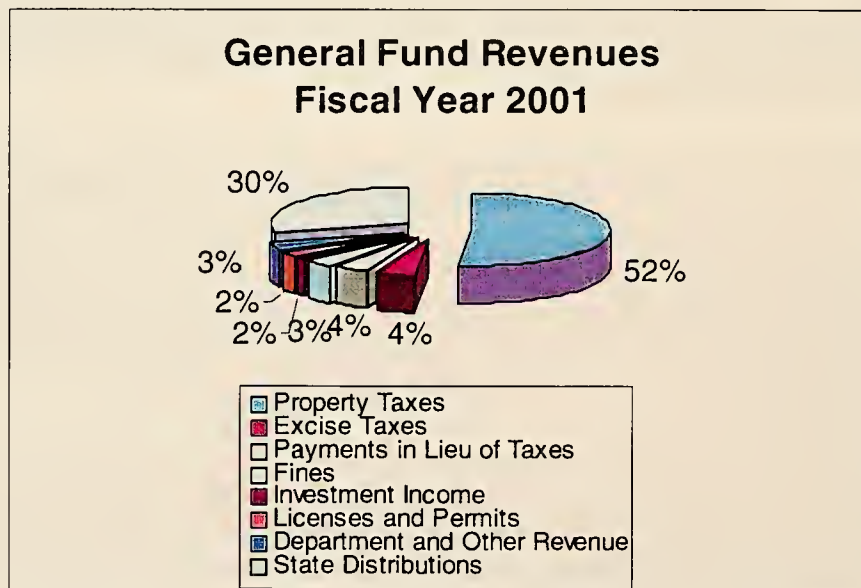
Governmental Activities

The City of Boston incorporated as a town in 1630 and as a City in 1822, now exists under Chapter 486 of the Acts of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth of Massachusetts, which, as amended, constitute the City's Charter. The Mayor is elected to a four-year term and serves as chief executive officer of the City. The Mayor has general supervision of and control over the City's boards, commissions, officers and departments including certain activities of Suffolk County. The legislative body of the City is the City Council, which consists of thirteen elected members serving two-year terms. The Mayor and City Council serve as the County Commissioners of Suffolk County.

Combined and individual fund and account group statements, along with schedules for the City of Boston (including certain activities of Suffolk County), and its component units, can be found in the Financial Section of this report. Presented in the following sections are selected financial data reported on a generally accepted accounting principles (GAAP) basis. They are the operations of the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Fund, Internal Service Fund as well as Trust and Agency Funds administered by the City.

General Fund

The general fund is the main operating fund of the City accounting for the revenue received of over \$1.69 billion. The major sources of funding are presented below:



Comparative General Fund Revenues

GAAP Basis

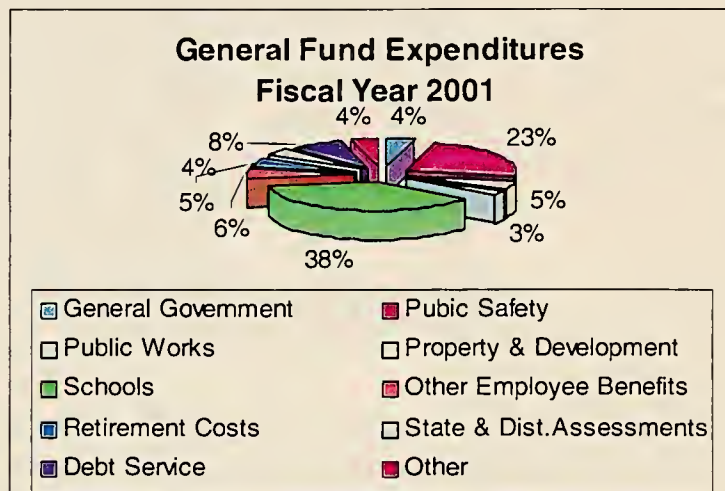
Revenues	2001	%	2000	%	Inc (Decr)	%
Property Taxes	\$ 874,868	51.7%	\$ 869,295	53.6%	\$ 5,573	0.6%
Excise Taxes	72,645	4.3%	68,656	4.2%	3,989	5.8%
Payments in Lieu of Taxes	72,720	4.3%	56,423	3.5%	16,297	28.9%
Fines	57,840	3.4%	57,709	3.6%	131	0.2%
Investment Income	26,289	1.6%	19,255	1.2%	7,034	36.5%
Licenses and Permits	36,795	2.2%	28,892	1.8%	7,903	27.4%
Department and Other Revenue	58,306	3.4%	45,490	2.8%	12,816	28.2%
State Distributions	493,278	29.1%	475,813	29.3%	17,465	3.7%
	<u>\$ 1,692,741</u>	<u>100.0%</u>	<u>\$ 1,621,533</u>	<u>100.0%</u>	<u>\$ 71,208</u>	<u>4.4%</u>

Revenue growth continues in virtually all areas. The Payments in Lieu of Taxes increase is mainly attributable to the income portion of taxpayer's liabilities on Chapter 121A section 10 (Urban Redevelopment Excise) agreements and Section 6A agreements along with receipt of back payment from tax-exempt organizations. Investment Income increased during the course of fiscal year 2001, due to a strong market performance yielding good returns on high cash balances combined with increased revenue collections. The Licenses and Permits increase was a result of revenue generated by building permits for commercial (i.e. office towers, hotels, etc.) and residential construction projects undertaken throughout the City. Department and Other Revenue also increased significantly. This is attributable to reimbursements from retroactive billing of prior year's costs for Municipal Medicare and increased revenue from parking facilities leased to private operators. Property tax revenues have increased 0.6% from 2000, while State aid has increased 3.7%. Changes from 2000 to 2001 are presented below.

Expenditures

Spending for Public Safety increased \$14.5 million (4.0%) due to Collective Bargaining Agreements in the current year. Public Works increased \$7.6 million (10.8%) due to Collective Bargaining Agreements, increased costs of trash removal and increased snow removal costs, due to heavier snowfall. Property & Development increased \$6.0 million (17.2%) due to Boston's continuing effort to add additional affordable housing. Schools increased \$32.8 million (5.7%) due to Collective Bargaining Agreements and the development of Transition Services program, the Math Support Plan, additional Alternative Education programs and Textbook and Instructional Materials adoption. Other Employee Benefits expenditures rose by \$4.3 million (5.0%), due to the increased cost of health insurance. Retirement Costs decreased by \$11.0 million (11.5%) as the unfunded liability portion of retirement costs fell due to several years of higher market return on investments, along with an increasing rate to Teachers' Retirement reimbursements. The components of Other, which comprised of Human Services, Parks & Recreation, Library, County,

Judgments and Claims and Capital Outlays represented a 2% increase overall. Changes from 2000 to 2001 are presented in the next chart and table.



Comparative General Fund Expenditures

GAAP Basis

<u>Expenditures:</u>	<u>2001</u>	<u>%</u>	<u>2000</u>	<u>%</u>	<u>Inc (Decr)</u>	<u>%</u>
General Government	\$ 67,913	4.2%	\$ 65,132	4.2%	\$ 2,781	4.3 %
Public Safety	373,362	23.3%	358,855	23.4%	14,507	4.0 %
Public Works	77,241	4.8%	69,689	4.5%	7,552	10.8 %
Property & Development	41,300	2.6%	35,230	2.3%	6,070	17.2 %
Schools	611,368	38.1%	578,583	37.7%	32,785	5.7 %
Other Employee Benefits	90,501	5.6%	86,221	5.6%	4,280	5.0 %
Retirement Costs	84,970	5.3%	96,019	6.3%	(11,049)	(11.5)%
State & Dist. Assessments	66,788	4.2%	66,995	4.4%	(207)	(0.3)%
Debt Service	123,977	7.7%	114,486	7.5%	9,491	8.3 %
Other	66,469	4.1%	65,048	4.2%	1,421	2.2 %
	<u>\$ 1,603,889</u>	<u>100.0%</u>	<u>\$ 1,536,258</u>	<u>100.0%</u>	<u>\$ 67,631</u>	<u>4.4 %</u>

The undesignated fund balance of the City of \$182.0 million was reported at June 30, 2001 as compared to \$163.3 million in 2000.

Special Revenue Funds

Special revenue funds are used mainly to account for the activities of the City that are funded by the Federal and State governments.

Funds received from the Federal and State governments during 2001 increased 9.7%. The increase resulted from the City applying for and obtaining new grants to help support education, after-school programs and public safety initiatives.

Spending in the special revenue funds has also increased, as additional Federal and State funds have become available.

Capital Projects Funds

Revenues for the Capital Projects Funds increased significantly by \$61.3 million to \$75.1 million in fiscal year 2001, due mainly to an increase from the Commonwealth of Massachusetts. One main project for the State subsidy was for the Convention Center. Expenditures decreased by \$70.5 million to \$185.5 million for the period ending June 30, 2001, even with the construction of a new police station and the implementation of new technology.

Capital projects funds are used mainly to account for construction activities of the City. These activities are primarily funded from bond proceeds or other external funding sources.

In 2001, major portions of capital spending focused on the construction of a new police station in South Boston and a new library in Allston. Ongoing projects in school technology and the Public Works Department "Pave the Way" program continued. A major project in the Fire Department commencing this year included equipment upgrades to existing radio receiver sites and design for a new network system.

Debt Service Fund

In fiscal 2000, the City established a Debt Service Fund to accumulate resources and pay debt service related to the BCEC debt. Total revenues of \$21.9 million were received during the year for the Convention Center Project. Debt Service expenditures totaled \$6.7 million during fiscal 2001.

Internal Service Fund

The Internal Service Fund accounts for the City's Health Insurance Trust Fund. Blue Cross/Blue Shield (BC/BS) acts as a third party agent for the City's employees, retirees and their dependents for payment of expenses incurred under various health indemnification plans utilized by the City. Costs incurred under the BC/BS plans are shared, with 25% paid by employees and retirees and 75% paid by the City. Operating revenues for the Internal Service Fund in 2001 were \$66.2 million and expenses totaled \$60.8 million. The fund balance at June 30, 2001 was \$308 thousand, as compared to a fund balance deficit of \$5.1 million at June 30, 2000.

Trust and Agency Funds

The Trust and Agency Funds are used to account for trustee and agency relationships that the City maintains with its employees, other governments (federal and state), private corporations and individual donors and benefactors. The City's largest Trust Fund is the State-Boston Retirement System (SBRS). Information about this fund is included in the following section entitled "Fiduciary Operations". The resources of the nonexpendable and expendable trust funds are used primarily to provide additional benefits to the City's residents and the City's employees. Resources from these funds are used for certain infrastructure improvements, purchase of equipment, scholarships for Boston Public School students, and jobs and affordable housing for the neediest residents of the City.

In aggregate, the trust funds had a total equity of \$3.31 billion at June 30, 2001, reflecting a decrease of \$58.3 million over fiscal 2000. Employee retirement funds account for approximately \$3.18 billion of the total equity amount.

Debt Administration

At year-end the City had \$810.9 million in General Obligations bonds outstanding – an increase of 6.2% over last year.

In February 2001, the City received the proceeds of a \$120.0 million General Obligation Bond Issue and a \$25.0 million Bond Anticipation Note for school projects. Also, to improve cash flow and to take advantage of lower interest rates, City management decided to issue approximately \$52.0 million of general obligation debt. By refinancing the debt, the City will reduce its interest payments by \$2.0 million over the next 15 years.

Cash Management

The City's Collector-Treasurer uses pooled cash and investments for all eligible City funds. The goal of this pool is to maximize income while minimizing exposure and ensuring sufficient liquidity to meet the City's payment obligations. All City funds are pooled except for trust funds, certain grant funds, and bond proceeds. The investments of the funds not included in the pool are controlled by various trust agreements, grant regulations and bond trustee agreements.

The Collector-Treasurer sets investment policies of the City. Portions of Massachusetts General Laws Chapters 29 and 41 govern these policies. The Commonwealth also has a list of approved securities and other investments that the City may use as part of its pool. These approved investments include: (1) securities that have been issued or unconditionally guaranteed by the U.S. government or its agencies with a maturity date of less than one year from the date of purchase; (2) demand, term, and certificates of deposit; (3) repurchase agreements that have a maturity of less than one year guaranteed with U.S. government or its agencies securities with a maturity of less

than 90 days; and (4) bonds issued by other states. Additionally, demand, term and certificates of deposit must be collateralized when they exceed certain levels. Generally, the City's investment policy centers on receiving a competitive yield for its investible cash and minimizing credit and market risks.

All investment earnings, with certain specific exceptions, are included in the General Fund's investment income account. During fiscal 2001 the average annualized yield calculated by the Treasury Division was 5.8% on the investible cash, as compared to an average yield of 5.7% for fiscal 2000.

Risk Management

The City is self-insured in most areas of risk including general liability, property and casualty (except school buses and machinery losses up to one million), workers' compensation, certain employee health care costs and unemployment compensation. The City's Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations. Except for certain health care costs, judgments and claims are charged to the General Fund.

The City's health insurance program provides coverage to the City's employees and retirees through a number of Health Maintenance Organizations (HMOs) and Blue Cross and Blue Shield of Massachusetts (BC/BS). BC/BS acts as a third party agent in the payment of the various claim plans used by the City. Costs incurred for the operation of the BC/BS plans are accounted for in an Internal Service Fund. Costs to the City for the HMOs are accounted for in the General Fund.

The Risk Management Program works to limit unnecessary asset losses due, for example, to worker illness and injury, third party liability claims and property losses due to fire and natural events. Particular progress has been made in asset and loss quantification and tracking, identification and analysis of key areas for improvement, and specific improvements in reducing the cost of health care and worker injuries.

The City's property insurance policy covers all City property assets up to \$600 million. This insurance policy limits the City's property loss exposure to \$10.0 million per incident. The City's established risk retention reserve pays for the premium of this policy.

Fiduciary Operations

The City participates in a contributory retirement system, the State-Boston Retirement System (SBRS). The City is the largest member of SBRS, a cost sharing multiple employer public employee system operated under Chapter 32 of the Massachusetts General Laws (MGL) as amended by Chapter 306 of the Acts of 1996. The SBRS provides retirement, disability and death benefits to plan members and beneficiaries. Each participating employer's share of the total annual contribution is determined on the basis of active payroll.

The City is committed to funding based upon a schedule approved by the SBRS and the State actuary, which includes paying the current year's estimated present value of benefits earned during the year (normal cost) and an annual contribution toward reducing the unfunded liability to zero by the year 2020. The schedule is subject to update and approval at least every three years by the Public Employee Retirement Administration Commission (PERAC), a State agency established to oversee all 104 local Massachusetts public retirement systems. The annual appropriation, based on the approved funding schedule, is a legal obligation of the City that must be included as part of the tax rate certification by the Commonwealth of Massachusetts.

The SBRS board, the City Council and the Mayor continued to approve the local option to provide future cost-of-living adjustments (COLA's). Such COLA's were approved at the rate of 3% on the first \$12,000 of compensation in fiscal 2000.

The City also operates the Boston Retirement System (BRS). BRS is the predecessor to SBRS and is closed to new members and is funded on a pay-as-you-go basis. The operations of BRS are not material to the City as a whole.

Other Information

Independent Audit

The Commonwealth of Massachusetts, through Chapter 190 of the Acts of 1982, requires that the City undergo an annual audit performed by a firm of independent public accountants. The City has selected the firm of KPMG LLP to perform the June 30, 2001 audit. This audit is conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. The audit provides an independent review to help assure a fair presentation of the City's financial position and results of operations.

The City also undergoes an annual audit of its Federal grant funds as required by the Single Audit Act. KPMG LLP issues separate reports on the City's internal control systems and compliance with applicable laws and regulations that meet the requirements of the Single Audit Act and Office of Management and Budget Circular A-133.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boston for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2000. This was the sixth consecutive year that the City of Boston has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable

and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

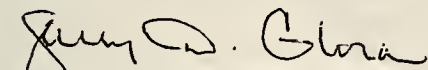
A Certificate of Achievement is valid for a period of only one year. We believe that our current report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Boston also received the GFOA's Award for Distinguished Budget Presentation for its Annual Budget document for the fiscal year beginning July 1, 2000. The City of Boston's budget document was judged to be proficient in several categories including policy documentation and financial planning.

Acknowledgements

We would like to express our appreciation to the staff of the Accounting and Financial Reporting Program and all the members of the Auditing Department staff whose professionalism and dedication made the timely preparation of the CAFR possible. We also wish to thank the professional staff of KPMG LLP for their counsel, technical assistance and encouragement in the preparation of this CAFR. Several other City departments and agencies provided additional information and assisted in the CAFR preparation. We gratefully acknowledge their efforts and contributions to this report. Finally, we wish to thank you for your continued interest in the financial operations of the City, and for the planning and support necessary to conduct the City's financial operations in a responsible manner.

Respectfully submitted,



Sally D. Glora
City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Boston,
Massachusetts

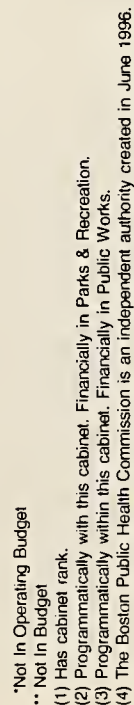
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director



ELECTED and APPOINTED OFFICIALS

Mayor

THOMAS M. MENINO

City Council Members

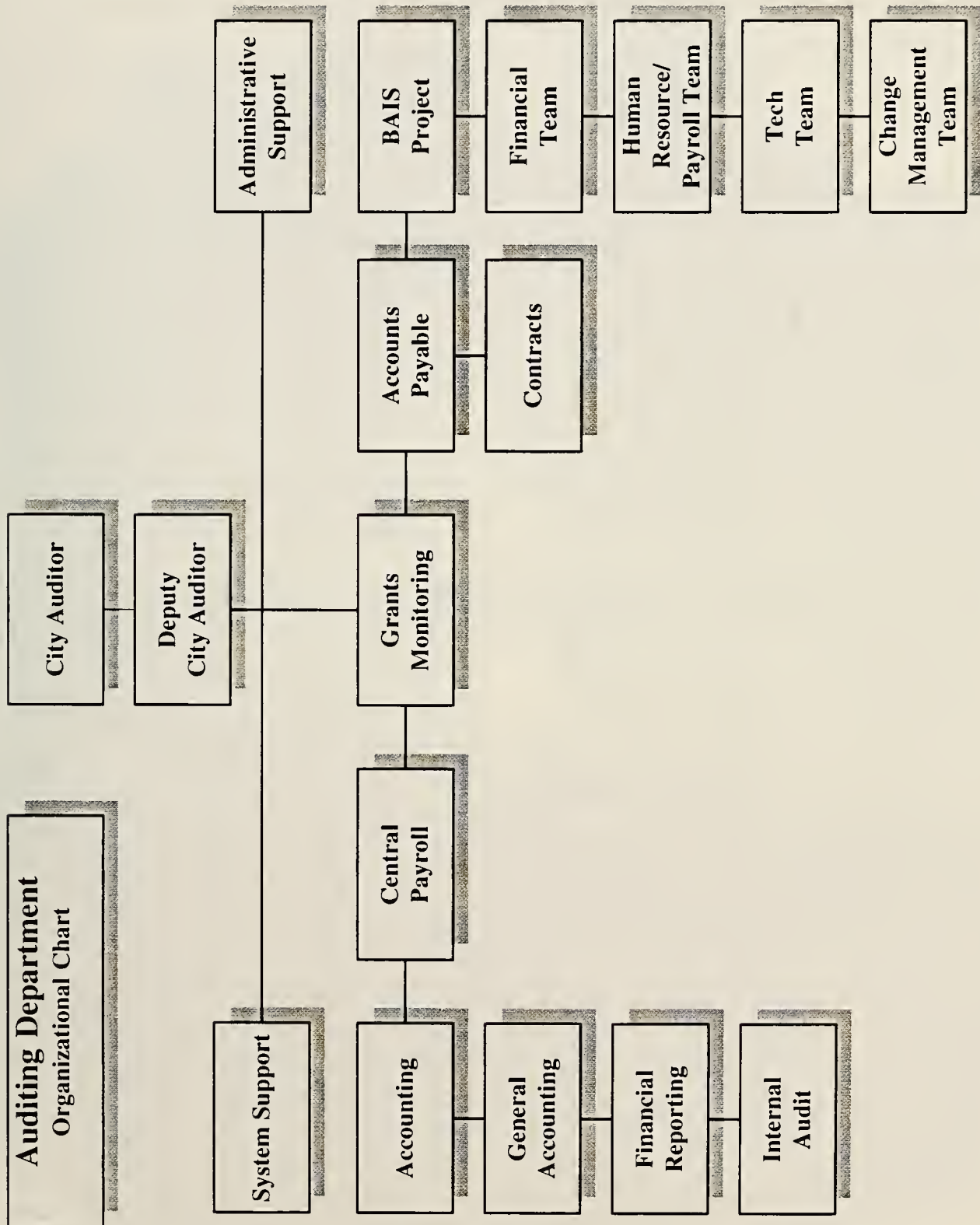
Charles C. Yancey (President)	District 4
Michael F. Flaherty	At-Large
Margaret E. Davis-Mullen	At-Large
Stephen J. Murphy	At-Large
Francis M. Roache	At-Large
Paul J. Scapicchio	District 1
James M. Kelly	District 2
Maureen E. Feeney	District 3
Daniel F. Conley	District 5
Maura A. Hennigan	District 6
Chuck Turner	District 7
Michael P. Ross	District 8
Brian J. Honan	District 9

Suffolk County Officials

Richard Rouse	Sheriff
---------------------	---------

Appointed City Executive Branch Members

James E. Rooney.....	Chief of Staff
Peter M. Welsh.....	Chief of Policy & Planning
Dennis A. DiMarzio.....	Chief Operating Officer
Edward J. Collins, Jr.....	Chief Financial Officer and Collector-Treasurer
Mark Maloney.....	Chief Economic Development Officer
Thomas W. Payzant.....	Chief of Education
Juanita Brooks-Wade.....	Chief of Human Services
Michael Galvin.....	Chief of Basic Services
Andrea d'Amato.....	Chief of Environmental Services
Sandra B. Henriquez.....	Chief of Public Housing
Charlotte Golar-Richie.....	Secretary of Housing
Paul E. Evans.....	Chief of Public Safety (Police Department)
Paul A. Christian.....	Chief of Public Safety (Fire Department)
Merita A. Hopkins.....	Corporation Counsel



Auditing Department Personnel

Sally D. Glora, City Auditor

Dennis J. Coughlin, Deputy City Auditor

**Daniel Adam
Martha C. Ayure
Dolores A. Basile
Allan M. Brodsky
Domenica Cabral
Elvira Carnazzo
Michelle E. Castillo
Mary Ann Creedon
Mattie Crouse
Leo Entwistle
Linda Gillis
Diane Griffin
Carlson R. Hinds
Allen Hurley
Cynthia Johnson
Karen M. Kovatsi
Medina Lucien**

**Mary C. Maiullo
Luis Carlos Martinez
Mary Ann Mason
Sheila A. McGonagle
Carolyn Michelman
Christine M. Opila
Charles Panagopoulos
Mary L. Raysor
Magnolia Rojas
Christopher Sargeant
Lori Shilling
Ming C. Su
Donna Seel
Jewel Swift
Julie A. Tippet
Stanley J. Wallace
Paul F. Waple**

Auditing Department Personnel (BAIS Project)

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Emily C. Crocker
Mary A. Foley
Melissa Goff
Jonathan D. Handy
Franko Ivers
Linda J. Kupstis
Jenny F. Larm
Janine L. London
Mark MacDonnell
Sherlock M. Mason**

**John A. McKenna
Nelly Lopez
Maureen E. Murphy
Patricia A. Murphy
David P. Nero
Kenneth E. Niles
Gloria Pizzarella
Cabot P. Raymond
Charles H. Rigg
Eric A. Thompson
Kai H. Yuen**

FINANCIAL SECTION

This section is comprised of the independent auditor's report, general purpose financial statements, the combining and comparative fund statements, and required supplementary information.



Oldest Lighthouse in U.S.



99 High Street
Boston, MA 02110-2371

Telephone 617 988 1000
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Independent Auditors' Report

The Honorable Mayor and City Council
City of Boston, Massachusetts:

We have audited the general purpose financial statements of the City of Boston, Massachusetts (the "City"), as of and for the year ended June 30, 2001, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of certain entities and accounts that aggregate the following percentages of total assets and revenues/additions:

	<u>Percentage of</u>	
	<u>Total</u>	<u>Total</u>
	<u>assets</u>	<u>revenues/ additions</u>
Combined balance sheet - all fund types, account groups and discretely presented component units:		
Trust funds	100%	N/A
Discretely presented component units	20%	N/A
Combined statement of revenues, expenditures and changes in fund balance - all governmental fund types, expendable trust funds and discretely presented component units:		
Expendable trust funds	N/A	100%
Combined statement of revenues, expenses and changes in fund equity - proprietary fund type, nonexpendable trust funds and discretely presented component units:		
Nonexpendable trust funds	N/A	100%
Discretely presented component units	N/A	100%
Combined statement of changes in plan net assets - pension trust funds	N/A	100%

N/A = not applicable.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for those entities and accounts, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provides a reasonable basis for our opinion.



The Honorable Mayor and City Council
City of Boston, Massachusetts

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Boston, Massachusetts, as of June 30, 2001, and the results of its operations and the cash flows of its discretely presented component units, proprietary and nonexpendable trust funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated November 16, 2001 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The schedules of funding progress and employers' contributions on page 39 are not a required part of the general purpose financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules of funding progress and employers' contributions certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedules.

We did not audit the introductory and statistical sections listed in the table of contents and therefore express no opinion thereon.

KPMG LLP

November 16, 2001

CITY OF BOSTON, MASSACHUSETTS

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units

June 30, 2001

(in thousands)

	Governmental fund types				Proprietary fund type		Fiduciary fund types		Account groups		Total (memorandum only) primary government		Total (memorandum only) reporting entity	
	General	Special revenue	Capital projects	Debt service	Internal service		Trust and agency		General fixed assets	General long-term obligations		Component units		
Assets														
Cash and investments (note 4)	\$ 415,294	103,877	90,976	52,873	7,714		3,255,551		—	—	3,926,285	148,068	4,074,353	
Restricted cash and investments (notes 4 and 8)	16,280	—	—	—	—		—		—	—	16,280	13,002	29,282	
Receivables (net of allowance for estimated uncollectible amounts):														
Property taxes	78,421	—	—	—	—		—		—	—	78,421	—	78,421	
Motor vehicle excise	9,498	—	—	—	—		—		—	—	9,498	—	9,498	
Intergovernmental	70,253	27,147	—	—	—		18,342		—	—	115,742	13,049	128,791	
Departmental and other	2,621	13,146	—	—	49		23,814		—	—	39,630	101,580	141,210	
Total receivables	160,793	40,293	—	—	49		42,156		—	—	243,291	114,629	357,920	
Due from other funds (note 7)	60,628	4,291	388	—	791		63,116		—	—	129,214	1,149	130,363	
Due from primary government (note 7)	—	—	—	—	—		—		—	—	—	732	732	
Due from component units (note 7)	157,200	—	—	—	—		—		—	—	157,200	—	157,200	
Due from BMC (note 13)	—	—	—	—	—		—		—	—	—	150,204	150,204	
Other assets	—	—	—	—	1,776		—		—	—	1,776	1,455	3,231	
Property, plant and equipment, net of accumulated depreciation (note 6)	—	—	—	—	—		90		790,068	—	790,158	55,535	845,693	
Amount available as debt service reserve	—	—	—	—	—		—		—	69,153	69,153	—	69,153	
Amount to be provided for the retirement of general long-term obligations	—	—	—	—	—		—		—	1,326,509	1,326,509	162,698	1,489,207	
Total assets	\$ 810,195	148,461	91,364	52,873	10,330		3,360,913		790,068	1,395,662	6,659,866	647,472	7,307,338	

CITY OF BOSTON, MASSACHUSETTS

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units

June 30, 2001

(in thousands)

	Governmental fund types				Proprietary fund type	Fiduciary fund types	Account groups		Total (memorandum only) primary government	Component units	Total (memorandum only) reporting entity
	General	Special revenue	Capital projects	Debt service	Internal service	Trust and agency	General fixed assets	General long-term obligations			
Liabilities											
Warrants and accounts payable	\$ 107,471	10,199	5,732	—	22	53,540	—	—	176,964	88,162	265,126
Accrued liabilities:											
Tax abatement refunds	90,600	—	—	—	—	—	—	—	90,600	—	90,600
Judgments and claims (note 14)	—	—	—	—	10,000	—	—	22,450	32,450	—	32,450
Compensated absences	17,000	—	—	—	—	—	—	152,087	169,087	1,442	170,529
Landfill postclosure care	—	—	—	—	—	—	—	16,533	16,533	—	16,533
Other	69,660	21,296	1,788	—	—	2,101	—	—	94,845	18,223	113,068
Due to other funds (note 7)	4,420	3,724	58,026	—	—	—	—	—	66,170	1,149	67,319
Due to component units (note 7)	—	—	732	—	—	—	—	—	732	—	732
Due to primary government (note 7)	—	—	—	—	—	—	—	—	—	157,200	157,200
Due to BMC	—	—	—	—	—	—	—	—	—	28,277	28,277
Deferred revenue	254,146	—	—	—	—	—	—	—	254,146	195,091	449,237
Matured interest and bonds payable	438	—	—	—	—	—	—	—	438	—	438
Obligations under capital leases (note 8)	—	—	—	—	—	—	—	27,907	27,907	—	27,907
Bonds and notes payable (note 8)	—	—	—	—	—	170	—	1,176,685	1,176,855	22,537	1,199,392
Total liabilities	543,735	35,219	66,278	—	10,022	55,811	—	1,395,662	2,106,727	512,081	2,618,808
Equity and Other Credits											
Investment in general fixed assets	—	—	—	—	—	—	790,068	—	790,068	32,314	822,382
Retained earnings	—	—	—	—	308	—	—	—	308	24,839	25,147
Fund balances (deficit):											
Reserved for:											
Trust fund endowments	—	—	—	—	—	84,646	—	—	84,646	40,037	124,683
Encumbrances and other	38,169	60,231	176,212	—	—	—	—	—	274,612	1,775	276,387
Debt service	16,280	—	—	52,873	—	—	—	—	69,153	—	69,153
Employees' pension benefits	—	—	—	—	—	3,178,663	—	—	3,178,663	—	3,178,663
Unreserved:											
Designated for subsequent year expenditures (note 16)	30,000	—	—	—	—	—	—	—	30,000	20,956	50,956
Undesignated	182,011	53,011	(151,126)	—	—	41,793	—	—	125,689	15,470	141,159
Total equity and other credits	266,460	113,242	25,086	52,873	308	3,305,102	790,068	—	4,553,139	135,391	4,688,530
Contingencies (note 14)											
Total liabilities, equity and other credits	\$ 810,195	148,461	91,364	52,873	10,330	3,360,913	790,068	1,395,662	6,659,866	647,472	7,307,338

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All
Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units

Year ended June 30, 2001

(in thousands)

	Governmental fund types				Fiduciary fund type	Total (memorandum only) primary government	Component units	Total (memorandum only) reporting entity
	General	Special revenue	Capital projects	Debt service				
Revenues:								
Local:								
Real and personal property taxes, net (note 5)	\$ 874,868	—	—	—	—	874,868	—	874,868
Excises	72,645	—	—	—	—	72,645	—	72,645
Payments in lieu of taxes	72,720	—	—	—	—	72,720	—	72,720
Fines	57,840	—	—	—	—	57,840	—	57,840
Investment income	26,289	—	—	—	711	27,000	3,011	30,011
Licenses and permits	36,795	—	—	—	—	36,795	—	36,795
Departmental and other revenue	58,306	80,467	23,444	21,902	22,252	206,371	39,400	245,771
Total local revenues	1,199,463	80,467	23,444	21,902	22,963	1,348,239	42,411	1,390,650
Intergovernmental:								
Federal	—	152,967	1,787	—	—	154,754	64,283	219,037
Commonwealth of Massachusetts	493,278	127,315	49,845	—	—	670,438	—	670,438
Total intergovernmental revenues	493,278	280,282	51,632	—	—	825,192	64,283	889,475
Total revenues	1,692,741	360,749	75,076	21,902	22,963	2,173,431	106,694	2,280,125
Expenditures:								
Current:								
General government	67,913	9,312	—	—	7,523	84,748	25,264	110,012
Human services	5,464	4,956	—	—	3,505	13,925	—	13,925
Public safety	373,362	20,556	—	—	—	393,918	—	393,918
Public works	77,241	589	—	—	1,365	79,195	—	79,195
Property and development	41,300	—	—	—	—	41,300	1,100	42,400
Parks and recreation	15,547	665	—	—	4,803	21,015	—	21,015
Library	30,360	1,238	—	—	—	31,598	—	31,598
Schools	611,368	115,580	—	—	66	727,014	—	727,014
County	6,030	87,462	—	—	—	93,492	—	93,492
Public health programs	—	—	—	—	—	—	71,932	71,932
Judgments and claims	5,011	—	—	—	—	5,011	—	5,011
Retirement costs (note 9)	84,970	—	—	—	—	84,970	—	84,970
Other employee benefits	90,501	—	—	—	—	90,501	2,140	92,641
State and district assessments	66,788	—	—	—	—	66,788	—	66,788
Community development	—	69,026	—	—	—	69,026	26,426	95,452
Assistance payments to BMC (note 13)	—	—	—	—	—	—	12,000	12,000
Subsidies to BMC and EMS (note 13)	—	—	—	—	—	—	8,584	8,584
Capital outlays	4,057	3,999	185,475	—	—	193,531	2,023	195,554
Debt service	123,977	4,321	—	6,659	—	134,957	2,290	137,247
Total expenditures	1,603,889	317,704	185,475	6,659	17,262	2,130,989	151,759	2,282,748
Excess (deficiency) of revenues over expenditures	88,852	43,045	(110,399)	15,243	5,701	42,442	(45,065)	(2,623)

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All
Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units

Year ended June 30, 2001

(in thousands)

	Governmental fund types				Fiduciary fund type Expendable trust	Total (memorandum only) primary government	Component units	Total (memorandum only) reporting entity
	General	Special revenue	Capital projects	Debt service				
Other financing sources (uses):								
Proceeds of debt and capital leases (note 8)	\$ —	—	209,719	—	—	209,719	—	209,719
Payment to escrow agent (note 8)	—	—	(52,025)	—	—	(52,025)	—	(52,025)
Operating transfers in (note 11)	1,678	—	—	—	4,540	6,218	—	6,218
Operating transfers out (note 11)	—	—	—	—	(16,643)	(16,643)	—	(16,643)
Transfers from component units (note 11)	17,706	—	—	—	—	17,706	(17,706)	—
Transfers to component units (note 11)	(62,476)	—	—	—	—	(62,476)	62,476	—
Total other financing sources (uses)	(43,092)	—	157,694	—	(12,103)	102,499	44,770	147,269
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	45,760	43,045	47,295	15,243	(6,402)	144,941	(295)	144,646
Fund balance (deficit), beginning of year	220,700	70,197	(22,209)	37,630	48,195	354,513	17,492	372,005
Fund balance, end of year	\$ 266,460	113,242	25,086	52,873	41,793	499,454	17,197	516,651

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Statement of Revenues and Expenditures - Budgetary Basis General Fund - Budget and Actual

Year ended June 30, 2001
(with comparative actual amounts for 2000)

(in thousands)

2001					
	Original budget	Final budget	Actual	Variance favorable (unfavorable)	2000 Actual
Revenues and other available funds:					
Real and personal property taxes, net	\$ 873,844	873,844	874,013	169	824,980
Excises	110,092	110,092	105,473	(4,619)	96,184
Commonwealth of Massachusetts	523,942	524,217	525,169	952	513,681
Departmental and other revenue	40,864	45,890	53,100	7,210	46,096
Fines	58,432	58,432	59,769	1,337	55,942
Payments in lieu of taxes	31,146	31,146	39,994	8,848	29,269
Investment income	20,000	20,000	26,084	6,084	21,886
Licenses and permits	24,365	24,365	37,824	13,459	28,652
Sale of property	—	—	—	—	500
Other available funds	25,678	25,678	8,355	(17,323)	6,667
Total revenues and other available funds	1,708,363	1,713,664	1,729,781	16,117	1,623,857
Expenditures:					
General government	71,885	69,832	73,696	(3,864)	65,495
Human services	5,937	5,707	5,598	109	5,103
Public safety	379,194	382,398	381,275	1,123	363,691
Public works	70,910	71,958	78,044	(6,086)	70,715
Property and development	50,030	53,769	53,523	246	34,968
Parks and recreation	14,427	15,384	15,262	122	13,944
Library	26,901	29,981	29,981	—	28,160
Schools	610,696	611,943	611,925	18	579,181
Boston Public Health Commission	61,866	62,141	62,141	—	58,213
County	6,030	6,030	6,030	—	5,854
Judgments and claims	4,100	2,008	2,008	—	6,203
Other employee benefits	96,514	95,640	95,132	508	86,600
Retirement costs	133,775	133,775	133,775	—	134,529
State and district assessments	67,120	67,120	66,788	332	66,995
Debt requirements	108,978	105,978	105,978	—	96,005
Total expenditures	1,708,363	1,713,664	1,721,156	(7,492)	1,615,656
Excess of revenues and other available funds over expenditures	\$ —	—	8,625	8,625	8,201

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Revenues and Expenses and Changes in Fund Equity - Proprietary Fund Type, Nonexpendable Trust Funds and Discretely Presented Component Units

Year ended June 30, 2001

(in thousands)

	Proprietary fund type Internal service	Fiduciary fund type Nonexpendable trust	Total (memorandum only) primary government	Component units	Total (memorandum only) reporting entity
Operating revenues:					
Investment income	\$ —	6,737	6,737	5,256	11,993
Net (decrease) in the fair value of investments	—	(7,763)	(7,763)	(3,088)	(10,851)
Contributions and donations	64,404	—	64,404	12,629	77,033
Rental income	—	—	—	11,344	11,344
Miscellaneous	1,807	1,066	2,873	1,486	4,359
Total operating revenues	66,211	40	66,251	27,627	93,878
Operating expenses:					
Salaries and wages	—	—	—	13,250	13,250
Professional fees	—	—	—	867	867
Administrative and general	546	6,165	6,711	7,294	14,005
Materials and supplies	—	—	—	4,413	4,413
Depreciation	—	—	—	895	895
Bad debts	—	—	—	546	546
Health benefits	60,254	—	60,254	—	60,254
Capital outlays	—	—	—	1,991	1,991
Subsidies for community services, special programs and real estate operations	—	—	—	11,333	11,333
Total operating expenses	60,800	6,165	66,965	40,589	107,554
Operating income (loss)	5,411	(6,125)	(714)	(12,962)	(13,676)
Nonoperating revenues and expenses:					
Grant revenue	—	—	—	16,218	16,218
Interest income	—	—	—	1,753	1,753
Interest expense	—	—	—	(1,154)	(1,154)
Total nonoperating revenue	—	—	—	16,817	16,817
Income (loss) before operating transfers	5,411	(6,125)	(714)	3,855	3,141
Operating transfers:					
Operating transfers in (note 11)	—	16,465	16,465	—	16,465
Operating transfers out (note 11)	—	(6,040)	(6,040)	—	(6,040)
Total operating transfers	—	10,425	10,425	—	10,425
Net income	5,411	4,300	9,711	3,855	13,566
Fund equity (deficit), beginning of year	(5,103)	80,346	75,243	82,025	157,268
Fund equity, end of year	\$ 308	84,646	84,954	85,880	170,834

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Changes in Plan Net Assets - Pension Trust Funds

Years ended June 30, 20001
(with comparative amounts for 2000)

(in thousands)

Additions:	<u>2001</u>	<u>2000</u>
Contributions:		
Employer	\$ 144,971	147,599
Employee	<u>84,776</u>	<u>72,654</u>
Total contributions	<u>229,747</u>	<u>220,253</u>
Investment income:		
Net (depreciation) appreciation in the fair value of investments	(131,140)	400,413
Interest	<u>70,972</u>	<u>57,228</u>
Total investment (loss) income	<u>(60,168)</u>	<u>457,641</u>
Intergovernmental	<u>25,643</u>	<u>24,036</u>
Total additions	<u>195,222</u>	<u>701,930</u>
Deductions:		
Benefits	228,960	218,587
Refunds of contributions	20,552	18,820
Administrative expenses	<u>1,863</u>	<u>1,894</u>
Total deductions	<u>251,375</u>	<u>239,301</u>
Net (decrease) increase	<u>(56,153)</u>	<u>462,629</u>
Net assets held in trust for pension benefits:		
Beginning of year	<u>3,234,816</u>	<u>2,772,187</u>
End of year	\$ <u><u>3,178,663</u></u>	<u><u>3,234,816</u></u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Cash Flows - Proprietary Fund Type, Nonexpendable Trust Funds and Discretely Presented Component Units

Year ended June 30, 2001

(in thousands)

	Proprietary fund type	Fiduciary fund type	Total (memorandum only)	Component	Total (memorandum only)
	Internal service	Nonexpendable trust	primary government	units	reporting entity
Cash flows from operating activities:					
Operating income (loss)	\$ 5,411	(6,125)	(714)	(12,962)	(13,676)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Reclassification of investment income	—	(6,737)	(6,737)	(5,256)	(11,993)
Depreciation and amortization	—	—	—	895	895
Net decrease in fair value of investments	—	—	—	3,088	3,088
Provision for bad debts	—	—	—	240	240
Changes in operating assets and liabilities:					
Accounts receivable	52	20	72	431	503
Intergovernmental receivables	—	—	—	(1,847)	(1,847)
Other assets	(583)	—	(583)	(13)	(596)
Due (to) from other funds	(30)	—	(30)	(70)	(100)
Accounts payable	22	38	60	252	312
Other accrued liabilities	(1,202)	—	(1,202)	342	(860)
Deferred revenue	—	—	—	50	50
Net cash provided (used) by operating activities	3,670	(12,804)	(9,134)	(14,850)	(23,984)
Cash flows from noncapital financing activities:					
Advances from grantors	—	—	—	16,218	16,218
Operating transfers	—	10,425	10,425	—	10,425
Net cash provided by noncapital financing activities	—	10,425	10,425	16,218	26,643
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	—	—	—	(675)	(675)
Interest paid on debt	—	—	—	(1,014)	(1,014)
Repayment of long-term debt	—	—	—	(9,388)	(9,388)
Net cash used by capital and related financing activities	—	—	—	(11,077)	(11,077)
Cash flows from investing activities:					
Purchase of investment securities	—	(4,203)	(4,203)	(8,543)	(12,746)
Proceeds from sale of investment securities	—	—	—	8,512	8,512
Investment income	—	6,737	6,737	7,009	13,746
Net cash provided by investing activities	—	2,534	2,534	6,978	9,512
Increase (decrease) in cash and cash equivalents	3,670	155	3,825	(2,731)	1,094
Cash and cash equivalents, beginning of year	4,044	499	4,543	27,814	32,357
Cash and cash equivalents, end of year	7,714	654	8,368	25,083	33,451
Investments, end of year	—	84,064	84,064	49,163	133,227
Total cash and investments, end of year	\$ 7,714	84,718	92,432	74,246	166,678

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Cash Flows - Proprietary Fund Type, Nonexpendable Trust Funds and Discretely Presented Component Units

Year ended June 30, 2001

(in thousands)

Reconciliation of cash and investments to combined balance sheet:

Nonexpendable trust funds from previous page	\$	84,718
Add:		
Pension trust funds		3,127,888
Expendable trust funds		<u>42,945</u>
Total fiduciary fund types	\$	<u><u>3,255,551</u></u>
Discretely presented component units from previous page	\$	74,246
Add: governmental fund type discretely presented component units		<u>73,822</u>
Total discretely presented component units	\$	<u><u>148,068</u></u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

(1) The Financial Reporting Entity

The accounting policies followed in preparing the accompanying general purpose financial statements are as follows:

(a) *Primary Government*

The City of Boston (the "City"), incorporated as a town in 1630 and as a city in 1822, now exists under Chapter 486 of the Act of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth of Massachusetts (the "Commonwealth") which, as amended, constitute the City's Charter. The Mayor is elected to a four-year term and serves as chief executive officer of the City. The Mayor has general supervision of and control over the City's boards, commissions, officers and departments including all operations of Suffolk County, except county courts. The legislative body of the City is the City Council, which consists of thirteen elected members serving two-year terms. The Mayor and City Council serve as the County Commissioners of Suffolk County.

The accompanying general purpose financial statements present the City of Boston which includes Suffolk County and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

(b) *Blended Component Unit Disclosure*

The following component unit has been presented as a blended component unit (included in the primary government) because the component unit provides services almost exclusively to the primary government.

State-Boston Retirement System ("SBRS") - The SBRS is a defined benefit contributory retirement system created under state statute. It is administered by a Retirement Board comprised of five members: the City Auditor, who serves *ex officio*; two individuals elected by participants in the system; a fourth member appointed by the Mayor and a fifth member chosen by the other members. The SBRS provides pension benefits to retired City employees.

A complete set of financial statements for SBRS for the fiscal year ended December 31, 2000 can be obtained through the City Auditor's office, Room M-4, City Hall Plaza, Boston, Massachusetts 02201.

(c) *Discretely Presented Component Units Disclosure*

These component units are reported in separate columns to emphasize that they are legally separate from the City but are included because the City is financially accountable for and is able to impose its will on the organization. Unless otherwise indicated, the notes to the general purpose financial statements pertain only to the primary government because certain disclosures of the component units are not significant relative to the total component units and to the primary

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

government. A description of the component units, criteria for inclusion and their relationship with the City are as follows:

Boston Redevelopment Authority (“BRA”) - The BRA is a public body politic and corporate constituting the City’s redevelopment authority and exercising the powers of a planning board for the City. The BRA is governed by a five-member board, four of whom are appointed by the Mayor. Its purpose is to provide planning support for major construction and redevelopment activity in the City.

Economic Development and Industrial Corporation of Boston (“EDIC”) - The EDIC is a body politic and corporate and an instrumentality of the Commonwealth. It is governed by the same persons appointed as members of the BRA board. The EDIC has various powers to assist industrial development projects in the City and together with the BRA assists the City with its economic development function.

Boston Public Health Commission (“PHC”) - The PHC is a body politic and corporate and public instrumentality of the Commonwealth, established by Chapter 147 of the Acts of 1995. PHC is governed by a seven-member board, six of whom are appointed by the Mayor and confirmed by the City Council, and one of whom is the chief executive officer of the Boston Medical Center (“BMC”). The PHC is responsible for the implementation of public health programs in the City.

Trustees of the Public Library of the City of Boston (“TPL”) - The TPL is a nonprofit organization qualified as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. Trustees of TPL are appointed by the Mayor. The TPL was established to benefit the public library system of the City.

The financial statements of the discretely presented component units are included for their respective fiscal year-ends, which is on June 30, 2001.

Complete financial statements of these discretely presented component units can be obtained through the City Auditor’s office, Room M-4, City Hall Plaza, Boston, Massachusetts, 02201. In addition, condensed financial statements for the discretely presented component units are included in note 15.

(d) Related Organizations

The Mayor is also responsible for appointing the members of the governing bodies of the Boston Housing Authority, Boston Industrial Development Finance Authority and Boston Water and Sewer Commission; however, the City’s accountability for these organizations does not extend beyond making these appointments.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

(2) Summary of Significant Accounting Policies

The accounting policies of the City of Boston, Massachusetts, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies followed by the City:

(a) *Basis of Presentation*

The City has elected to present the discretely presented component units using the single-column method. The operations of the discretely presented component units have been reported in the financial statements on a basis which reflects the predominant basis of accounting used by the entity.

The operations of the City and its blended component unit are presented within the following fund types and account groups:

Governmental Fund Types

Governmental funds are used to account for the City's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon the determination of changes in financial position and the flow of current financial resources. The following are the City's governmental fund types:

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and similar trust funds).

Debt Service Fund - The debt service fund is used to account for financial resources to be used for the payment of principal and interest on long-term debt issued to fund site acquisition and preparation costs for the Boston Convention Center.

Proprietary Fund Type

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income and capital maintenance (i.e., flow of economic resources). The following is the City's proprietary fund type:

Internal Service Fund - This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

Fiduciary Fund Types

Trust and Agency Funds - Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent. Trust funds include expendable trust funds, nonexpendable trust funds and pension trust funds. Nonexpendable trust funds and pension trust funds are reported in a manner similar to proprietary funds (i.e., flow of economic resources measurement focus and accrual basis of accounting). Expendable trust funds are reported in a manner similar to governmental funds (i.e., flow of financial resources measurement focus and modified accrual basis of accounting). Agency funds are custodial in nature and follow the modified accrual basis of accounting but are not concerned with the measurement of results of operations.

Account Groups

Account groups are a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the governmental funds because they do not affect net expendable available financial resources. The following are the City's account groups;

General Fixed Assets Account Group - This account group is used to account for all fixed assets of the City, other than those accounted for in proprietary funds and similar trust funds.

General Long-Term Obligations Account Group - This account group is used to account for all long-term obligations of the City, except those accounted for in proprietary and similar trust funds.

(b) Basis of Accounting

The modified accrual basis of accounting is followed by governmental funds, expendable trust funds, and agency funds.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available to pay liabilities of the current period). Revenues not considered available are recorded as deferred revenues.

The City applies the susceptible to accrual criteria to property taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, resources must be expended on the specific purpose or project before any amounts will be reimbursed to the City; therefore, revenues are recognized based upon the amount of expenditures incurred. In the other, resources are virtually unrestricted and are usually revocable by the grantor only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year-end.

Investment earnings are recorded as earned. Other revenues are recorded when received in cash because these amounts are generally not measurable until actually received.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

Expenditures are recorded when the liability is incurred except for (1) interest on general long-term obligations, which is recorded when due, and (2) the noncurrent portion of accrued tax abatement refunds, judgments and claims, sick and vacation leave, and landfill closure and postclosure care costs which are recorded in the general long-term obligations account group.

The accrual basis of accounting is used by proprietary funds, nonexpendable trust funds and pension trust funds. Revenues are recognized when earned and expenses are recognized when goods or services have been received or a liability has been incurred.

The City and its component units have elected to apply to its proprietary funds, nonexpendable trust funds, and pension trust funds accounting standards applicable to the private sector issued on or before November 30, 1989, unless those standards conflict with or contradict pronouncements of the Governmental Accounting Standards Board.

During fiscal year 2001, the City adopted GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*. This Statement had no material effect on fiscal year 2001.

(c) *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Open encumbrances at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Certain unexpended and unencumbered appropriations for incomplete projects are carried over to succeeding years without further appropriations. Such continuing appropriations are accounted for similar to encumbrances. Other unencumbered appropriations lapse at year-end.

(d) *Cash Equivalents*

For purposes of the combined statement of cash flows, investments with original maturities of three months or less when purchased are considered to be cash equivalents.

(e) *Basis of Investment Valuation*

Investments are presented in the accompanying general purpose financial statements at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments of the State-Boston Retirement System which are described in note 9(b). Further, income from investments is recognized in the same fund as the related investments.

(f) *Property, Plant and Equipment*

Property, plant and equipment are stated at cost or estimated historical cost, except for infrastructure which is not capitalized. Donated fixed assets are recorded at estimated fair market value at the date donated.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

(g) *Compensated Absences*

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay. The liability related to unused sick and vacation time expected to be paid within one year is recorded in the general fund. The estimated amount to be paid in future years is recorded in the general long-term obligations account group. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method). The liability for both amounts is calculated based on the pay or salary rates in effect at the balance sheet date.

(h) *Arbitrage Rebate*

Rebatable arbitrage earnings are calculated for the City by third parties and accounted for as a liability and a reduction of investment income in the general fund. At June 30, 2001, an accumulated arbitrage rebate liability of \$1.9 million was recorded in the general fund.

(i) *Tax Abatement Refunds*

All estimated tax abatement refunds have been recorded as a liability in the general fund.

(j) *Landfill Postclosure Care Costs*

State and federal regulations require the City to place a final cover on its Gardner Street landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. At June 30, 2001, 100% of the Gardner Street landfill site had been used and had not accepted solid waste for several years. The City has completed the covering of this site in accordance with applicable laws and regulations.

The liability for postclosure care is estimated based on current cost, which is the amount that would be paid if all equipment, facilities and services included in the estimate were acquired during the current period. Such costs are recognized as expenditures to the extent that they have been paid or are expected to be paid with expendable available financial resources; the remaining liability is reported in the general long-term obligations account group. Expenditures related to the Gardner Street landfill site closure and postclosure care in fiscal 2001 were \$3,660,116.

(k) *Use of Estimates*

The preparation of general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

(l) *Reclassifications*

Certain 2000 amounts have been reclassified to conform with the 2001 presentation.

(m) *Total Columns – Memorandum Only*

Total columns on the accompanying general purpose financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation since interfund and other eliminations have not been made.

(3) *Budgetary Data*

The general fund is the only fund for which a budget is legally adopted. The budgets for all departments included in the general fund of the City, except the School Department, are prepared under the direction of the Mayor and City Council. The School Department budget is prepared under the direction of the School Committee.

Original and supplemental appropriations are submitted by the Mayor and approved by the City Council and lapse at year-end unless encumbered. The legal level of control over appropriations is at the department level. Amendments to the original budget must be approved by the City Council, except for a reallocation of appropriations of up to \$3 million which the Mayor may approve. Further, the City Auditor, with the approval of the Mayor, may make transfers from any appropriation to any other appropriation for purposes of eliminating deficits before closing the books for the fiscal year. After the close of the fiscal year, the City Auditor may, with the approval of the Mayor, apply any income, taxes and funds not disposed of and make transfers from any appropriation to any other appropriation for the purpose of closing the accounts for the fiscal year. Supplemental appropriations, other than the aforementioned transfers, were approximately \$5.3 million for the year.

The City must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2-1/2 (note 5). The tax levy must equal the sum of (a) the aggregate of all annual appropriations for expenditures; plus (b) the reserve accounts described in the following paragraph; plus (c) provision for the prior fiscal years’ deficits, if any; less (d) the aggregate of all nonproperty tax revenues projected to be received by the City, including available funds, in amounts certified or approved by the Commonwealth for tax rate purposes.

In accordance with the 1986 amendments to the Funding Loan Act of 1982, the City has established two reserve funds. The first is a budget reserve fund which is required to be funded in stages to a final level of 2-1/2% of the prior year’s overall departmental appropriations, except the School Department, by the beginning of fiscal 1990. It is available to be applied to extraordinary and unforeseen expenditures. The second is a separate reserve fund of 1% to 2-1/2% of the current year appropriation of the School Department to be applied to overexpenditures in that department.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

The City's general fund budget is prepared on a basis other than generally accepted accounting principles ("GAAP"). The "actual" results column in the statement of revenues and expenditures - budgetary basis - general fund is presented on a "budgetary basis" to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP basis, where applicable, are that:

- (a) Revenues are recorded when cash is received except for real estate and personal property taxes are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP).
- (b) Encumbrances and continuing appropriations which are recorded as the equivalent of expenditures (budget), as opposed to a reservation of fund balance (GAAP).
- (c) Certain activities and transactions are presented in separate funds (GAAP), rather than as components of the general fund (budget).
- (d) Amounts raised for the prior years' deficits and available funds from prior years' surpluses are recorded as revenue items (budget), but have no effect on GAAP revenues.

In addition, there are certain differences in classifications between revenues, expenditures and transfers.

The following reconciliation summarizes the differences between budgetary and GAAP basis accounting principles for the year ended June 30, 2001 (in thousands):

	<u>Revenue</u>	<u>Expenditures</u>	<u>Other financing sources (uses), net</u>	<u>Excess of revenue and other financing sources</u>
As reported on a budgetary basis	\$ 1,729,781	1,721,156	—	8,625
Adjustments:				
Revenues to modified accrual basis	12,415	—	—	12,415
Expenditures, encumbrances and accruals, net	—	(24,720)	—	24,720
Reclassifications:				
Parking meter revenue and expenditures to a special revenue fund	(6,677)	(6,677)	—	—
Debt service expenditures	293	17,999	17,706	—
State-funded teachers' retirement costs	(41,393)	(41,393)	—	—
Trust fund revenue	(1,678)	—	1,678	—
Public Health Commission appropriation (note 13)	—	(62,476)	(62,476)	—
As reported on a GAAP basis	<u>\$ 1,692,741</u>	<u>1,603,889</u>	<u>(43,092)</u>	<u>45,760</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

(4) Cash and Investments

State and local statutes place certain limitations on the nature of deposits and investments available to the City. Deposits, including demand deposits, money markets and certificates of deposit in any one financial institution, may not exceed certain levels unless collateralized by the financial institution involved. Investments may be made in unconditionally guaranteed U.S. Government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include authorized bonds of all states, bankers' acceptances, commercial paper rated within the three highest classifications established by rating agencies, and units in the Massachusetts Municipal Depository Trust ("MMDT"). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns and other state and other local agencies within the Commonwealth. The City's fair value of its investment in the MMDT represents their value of the pool's shares.

The City's pension and certain other trust funds have additional investment powers, most notably the ability to invest in common stocks, corporate bonds and other specified investments.

(a) Deposits

The City categorized deposits according to the level of risk assumed. Category 1 includes deposits which are fully insured or collateralized with securities held by the entity or its agent in the entity's name. Category 2 includes deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. Category 3 includes those deposits that are not collateralized. The City's deposits at June 30, 2001 are as follows (in thousands):

	<u>Category</u>			<u>Total bank balance</u>	<u>Carrying amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Total cash deposits	\$ <u>6,556</u>	<u>1,772</u>	<u>61,181</u>	<u>69,509</u>	<u>58,208</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

(b) Investments

The City and SBRS categorize investments according to the level of risk assumed. Category 1 includes investments that are insured or registered or held by the entity or its agent in the entity's name. Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the entity's name. Category 3 includes uninsured and unregistered investments held by the counterparty, or by its trust department or agent but not in the entity's name. MMDT, other mutual funds, venture capital funds and real estate investments are not categorized. The City's investments are as follows (in thousands):

Primary government June 30, 2001	Category			Estimated fair value
	1	2	3	
Categorized:				
Repurchase agreements	\$ —	156,476	—	156,476
U.S. Government obligations	—	8,732	—	8,732
Debt securities	—	16,280	—	16,280
Equity securities	—	11,184	—	11,184
	<u>\$ —</u>	<u>192,672</u>	<u>—</u>	<u>192,672</u>
Not categorized:				
MMDT				491,648
Mutual funds				<u>72,213</u>
				<u>\$ 756,533</u>

SBRS – December 31, 2000	Category			Estimated fair value
	1	2	3	
Categorized:				
Short-term investments	\$ —	146,356	—	146,356
U.S. Government obligations	—	54,248	—	54,248
U.S. Government agency obligations	—	91,203	—	91,203
Equity securities	—	2,018,840	—	2,018,840
Debt securities	—	492,772	—	492,772
	<u>\$ —</u>	<u>2,803,419</u>	<u>—</u>	<u>2,803,419</u>
Not categorized				
MMDT				28,825
Real estate				242,985
Venture capital funds				<u>52,595</u>
				<u>\$ 3,127,824</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

The composition of the City's bank deposits and investments fluctuates depending primarily on the timing of real estate tax receipts, proceeds from borrowings, collection of state and federal aid and capital outlays throughout the year.

(5) Property Taxes

Real and personal property taxes are based on values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the modified accrual basis of accounting, described in note 2(b).

The City bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the City's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. On November 14, all properties with unpaid fiscal 2001 property taxes were lienied. The City ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2-1/2" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2-1/2 limits the total levy to an amount not greater than 2-1/2% of the total assessed value of all taxable property within the City. Secondly, the tax levy cannot increase by more than 2-1/2% of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2-1/2 can be overridden by a City-wide referendum.

(6) Property, Plant and Equipment

The following is a summary of changes in the general fixed assets account group (in thousands):

	Balance, June 30, 2000	Additions	Disposals	Balance, June 30, 2001
Land and buildings	\$ 623,780	21,408	—	645,188
Furniture and fixtures	35,953	68	35,473	548
Vehicles and maintenance equipment	93,847	13,288	5,875	101,260
Machinery and equipment	94,108	10,478	61,514	43,072
General fixed assets	<u>\$ 847,688</u>	<u>45,242</u>	<u>102,862</u>	<u>790,068</u>

No accumulated depreciation is recorded in the general fixed assets account group.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

(7) Interfund Receivable and Payable Balances

Individual fund and discrete component unit receivable and payable balances at June 30, 2001, are as follows (in thousands):

<u>Interfund balances</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 60,628	4,420
Special revenue:		
Grant fund	4,291	3,724
Capital Projects:		
Bond fund	—	58,026
Grant fund	388	—
Internal service	791	—
Trust and agency:		
BRS	72	—
Balance at June 30, 2001	<u>66,170</u>	<u>66,170</u>
SBRS at December 31, 2000	<u>63,044</u>	<u>—</u>
Balances in accompanying general purpose financial statements	\$ <u>129,214</u>	<u>66,170</u>
 <u>Discrete component unit balances</u>	 <u>Receivable</u>	 <u>Payable</u>
Primary government:		
General	\$ 157,200	—
Capital projects	—	732
Discretely presented component units:		
PHC	732	156,832
TPL	—	368
Balances in accompanying general purpose financial statements	\$ <u>157,932</u>	<u>157,932</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

(8) Long-Term Obligations

Governmental Fund Obligations

Following is a summary of the general long-term obligations of the City as of June 30, 2001 (in thousands):

	Interest rates	Outstanding, beginning of year	Additions	Reductions	Outstanding, end of year
Bonds and notes payable:					
General obligation refunding bonds dated 4/11/01	3.63-5.0%	\$ —	52,025	—	52,025
General obligation bonds dated 2/1/01	4.25-5.0%	—	120,000	—	120,000
General obligation bonds dated 2/1/00	5.0-5.75%	120,000	—	9,840	110,160
General obligation bonds dated 10/15/98	3.25-5.0%	112,290	—	7,710	104,580
General obligation refunding bonds dated 4/15/98	4.5-5.25%	69,875	—	6,585	63,290
General obligation bonds dated 1/15/98	4.5%	74,810	—	7,600	67,210
General obligation bonds dated 11/15/96	5.0%	68,400	—	7,200	61,200
General obligation bonds dated 10/15/95	5.0-5.25%	53,500	—	30,500	23,000
General obligation bonds dated 9/1/94	5.0-6.0%	43,940	—	20,425	23,515
General obligation refunding bonds dated 2/1/94	4.0-5.0%	67,965	—	7,110	60,855
General obligation bonds dated 9/1/93	4.0-4.875%	39,650	—	1,995	37,655
General obligation refunding bonds dated 2/1/93	3.0-5.65%	83,380	—	10,660	72,720
General obligation bonds dated 2/15/92	4.75-6.5%	9,055	—	2,845	6,210
General obligation refunding bonds dated 5/15/91	5.5-10.0%	21,015	—	12,500	8,515
MWPAT note payable	4.25-5.75%	10,180	—	430	9,750
Notes payable	5.44-7.18%	29,245	—	1,625	27,620
Total general obligation bonds and notes payable		803,305	172,025	127,025	848,305
Bond Anticipation Notes dated 2/1/01	4.0%	—	25,000	—	25,000
Bond Anticipation Notes dated 2/1/00	5.25%	27,800	—	—	27,800
Bond Anticipation Notes dated 5/1/99	4.0%	130,000	—	—	130,000
Revenue Refunding Bonds, Boston City Hospital, Series B, dated 6/1/93	3.60-5.25%	149,975	—	4,395	145,580
Total bonds and notes payable		1,111,080	197,025	131,420	1,176,685
Other long-term obligations:					
Leases		26,140	12,694	10,927	27,907
Judgments and claims		20,174	17,610	15,334	22,450
Sick and vacation, net		95,053	57,034	—	152,087
Landfill postclosure care costs		20,193	—	3,660	16,533
Total other long-term obligations		161,560	87,338	29,921	218,977
Total general long-term obligations		\$ 1,272,640	284,363	161,341	1,395,662

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

The annual debt service requirements of the City's general obligation governmental bonds and notes payable outstanding as of June 30, 2001, are as follows (in thousands):

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 83,929	39,837	123,766
2003	81,987	36,174	118,161
2004	78,175	32,317	110,492
2005	72,175	28,772	100,947
2006	58,726	25,470	84,196
2007-2011	250,028	87,312	337,340
2012-2016	161,235	34,854	196,089
2017-2021	62,050	6,793	68,843
	<u>\$ 848,305</u>	<u>295,529</u>	<u>1,139,834</u>

General obligation bonds are backed by the full faith and credit of the City. The Commonwealth has approved school construction assistance, subject to annual appropriation by the state legislature and reports filed with the Commonwealth by the City, to partially provide resources for future principal and interest requirements on general obligation school bonds of the City. As of June 30, 2001, such resources expected to be provided to the City total approximately \$233,000,000 from the Commonwealth.

On February 1, 2001, the City issued \$120,000,000 in general obligation bonds to fund various capital purchases and improvements throughout the City. Interest is due semiannually on each February 1 and August 1, with principal payments due each February 1 until maturity in fiscal 2021.

On February 1, 2001, the City issued \$25,000,000 in bond anticipation notes ("BAN's") to fund various school projects. The City will pay interest of approximately \$1.6 million through fiscal 2003. The City is expected to issue general obligation bonds to refund the BAN's.

On April 11, 2001, the City issued \$52,025,000 in general obligation refunding bonds to advance refund \$49,905,000 of aggregate principal amount of the City's previously issued general obligation bonds. The cash flow gain on this transaction was \$2,529,081 and the economic gain (difference between the present values of the debt service payments on the old and new debt) obtained from the refunding was \$1,964,493.

On September 16, 1999, the City entered into a permanent loan agreement with the Massachusetts Water Pollution Abatement Trust ("MWPAT") for \$13.4 million. This agreement cancelled the interim loan agreement the City had signed with the MWPAT on January 15, 1999 for \$3.75 million. The loan provides funding for the closure and postclosure care costs relating to the City's Gardner Street Landfill. Proceeds are received on a reimbursement basis as expenditures are incurred. As of June 30, 2001, the City has received approximately \$10.8 million in loan proceeds.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

The annual debt service requirements of the City's revenue refunding bonds, Boston City Hospital, Series B, outstanding as of June 30, 2001, are as follows (in thousands):

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	4,485	8,232	12,717
2003	4,735	7,994	12,729
2004	4,985	7,739	12,724
2005	5,265	7,465	12,730
2006	2,740	7,170	9,910
2007-2011	10,985	33,574	44,559
2012-2016	37,110	25,909	63,019
2017-2021	—	21,642	21,642
2022-2023	75,275	8,656	83,931
	<u>\$ 145,580</u>	<u>128,381</u>	<u>273,961</u>

The revenue refunding bonds of the Boston City Hospital ("BCH") do not constitute general obligations of the City and the annual debt service of these bonds has been assumed by the Boston Public Health Commission. The Boston Public Health Commission expects to meet its obligation on the bonds through application of a portion of the rent payable to the Boston Public Health Commission by the Boston Medical Center Corporation ("BMC") for its lease of the former Boston City Hospital. As a result of the consolidation of the BMC and BCH (see note 13), on July 1, 1996, the City received \$16.28 million, representing debt service reserve on these bonds. It was recorded as proceeds of debt in the capital projects fund and subsequently transferred to the general fund for future debt service requirements. Under certain circumstances, including a default by BMC under the lease, City revenues may be required to satisfy the debt service requirements on the Series B bonds (see note 13).

The Boston Public Health Commission (see note 13) has assumed responsibility for paying to the City an amount equal to current debt service on all outstanding general obligation bonds of the City issued for public health and hospital purposes which amounted to \$22.8 million at June 30, 2001.

The City is subject to a dual general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 2-1/2% and 5%, respectively, of the valuation of taxable property in the City as last equalized by the State Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general obligation debt which are exempt from the debt limit but are subject to other limitations.

As of June 30, 2001, the City may issue \$1.347 billion of additional general obligation debt under the double debt limit. General obligation debt of \$320 million, subject to the debt limit, and \$415 million, exempt from the debt limit, is authorized but unissued as of June 30, 2001.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

Fiduciary Fund Obligations

Following is a summary of the long-term obligations of the Neighborhood Housing trust fund as of June 30, 2001 (in thousands):

	<u>Interest rates</u>	<u>Outstanding, beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, end of year</u>
Notes payable due through 4/24/03	Various	\$ <u>366</u>	<u>—</u>	<u>196</u>	<u>170</u>

The future annual debt principal payments for fiduciary fund long-term debt outstanding at June 30, 2001, are as follows (in thousands):

Year ending June 30:

2002	\$ <u>170</u>
------	---------------

Defeased Debt

The following prior year transactions met the requirements of an in-substance defeasance:

- On May 12, 1998, the City issued \$77.9 million in general obligation bonds, dated April 15, 1998, of which \$62.9 million was used to advance refund \$58.0 million of 1989, 1990, 1992 and 1994 Series Bonds.
- On February 9, 1994, the City issued \$85.9 million in general obligation bonds, dated February 1, 1994, to advance refund \$74.3 million of 1985, 1986, 1988, 1989, 1990 and 1991 Series bonds.
- On February 10, 1993, the City issued \$92.3 million in general obligation bonds, dated February 1, 1993, to advance refund \$80.5 million of 1983, 1986, 1988, 1989 and 1992 Series bonds.

The principal amount of debt refunded through in-substance defeasance transactions and still outstanding at June 30, 2001 was approximately \$132.2 million.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

Lease Obligations

The City has entered into various capital lease agreements for equipment acquisition. Payments under these agreements are subject to annual appropriation and, by statute, are not included in the City's debt limit calculations. Activity in capital lease agreements during fiscal year 2001 was as follows (in thousands):

<u>Date of issuance</u>	<u>Outstanding, beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, end of year</u>
August 15, 1995	\$ 384	—	253	131
August 15, 1995	55	—	55	—
December 17, 1997	1,415	—	874	541
November 10, 1997	1,895	—	1,313	582
June 25, 1998	2,759	—	646	2,113
August 25, 1998	5,872	—	2,497	3,375
March 18, 1999	2,911	—	1,197	1,714
October 1, 1999	4,348	—	603	3,745
January 25, 2000	6,501	—	1,866	4,635
November 21, 2000	—	12,071	1,590	10,481
May 21, 2001	—	623	33	590
	<u>\$ 26,140</u>	<u>12,694</u>	<u>10,927</u>	<u>27,907</u>

Future minimum payments under capital leases and installment sales as of June 30, 2001, are as follows (in thousands):

2002	\$ 10,666
2003	8,234
2004	5,635
2005	3,159
2006	1,752
Thereafter	1,183
Total minimum lease payments	<u>30,629</u>
Less amount representing interest	<u>(2,722)</u>
	<u>\$ 27,907</u>

The City's commitment under operating leases is not significant.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

No Obligation Debt

The City has outstanding industrial, commercial and housing development bonds, payable solely from revenues of the respective enterprises that do not constitute an indebtedness of the City and are not a charge against its general credit. This aggregate amount is immaterial to the financial statements.

(9) Retirement Plans

(a) Plan Description

The City contributes to the State-Boston Retirement System ("SBRs"), a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement, disability and death benefits to plan members and beneficiaries of the following government units:

- (1) City of Boston
- (2) Boston Redevelopment Authority
- (3) Boston Housing Authority
- (4) Boston Water & Sewer Commission
- (5) Public Health Commission
- (6) Sheriff of Suffolk County

Chapter 32 of the Massachusetts General Laws ("MGL") assigns authority to establish and amend benefit provisions of the plan to the state legislature.

The System is administered by a five-person Board of Retirement consisting of the City Auditor who serves as a member *ex officio*, two members who are elected by the participants, in or retired from the service of the System, a fourth member appointed by the Mayor and a fifth member chosen by the other members.

The City also participates in the Boston Retirement System ("BRS") and made benefit payments of approximately \$5.8 million for the year ended June 30, 2001. The number of BRS plan participants was frozen in 1946. Disclosures for BRS are not material and, thus, are not presented.

(b) Basis of Accounting

The System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

Investments of the System are stated as follows:

- (a) Bonds are stated at quoted market value.
- (b) Equity securities are stated at quoted market value.
- (c) Real estate funds are stated at appraised value or partner's account value, whichever is more readily determinable.
- (d) Venture capital funds are stated at contributed cost or fair market value, whichever is more readily determinable.
- (e) International investments are stated at quoted market value and are included in equities and fixed income categories.
- (f) Cash is stated at carrying amount which is reconciled book balance.

(c) *Membership*

Membership in the System consisted of the following at January 1, 2000, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	13,192
Terminated plan members entitled to but not receiving benefits	3,783
Active plan members	<u>21,822</u>
Total membership	<u>38,797</u>
Total number of participating employers	<u>6</u>

(d) *Contributions*

Plan members are required to contribute to the System. Depending on their employment date, active members must contribute a range of 5%-9% of their regular gross compensation. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of \$30,000. Participating employers are required to pay into the System their share of the remaining system-wide actuarially determined contribution, which is apportioned among the employers based on active covered payroll. The Commonwealth of Massachusetts (the "Commonwealth") reimburses the City for benefits paid to school teachers. The Commonwealth also reimbursed the System for a portion of benefit payments for cost of living increases granted before July 1, 1998. The contributions of plan members and the participating employers are governed by Chapter 32 of the MGL. The City's required and actual contributions to the System for the years ended June 30, 2001, 2000 and 1999 were \$127 million, \$129 million, and \$120 million, or \$88 million, \$90 million, and \$85 million, net of teachers' retirement, respectively.

During the fall of 1997 the System's Retirement Board, the City Council and the Mayor approved the option for local funding of cost of living adjustments. As a result, a locally funded cost of living adjustment of 3.0% on the first \$12,000 of a retiree's annual payment was awarded in fiscal 2000 and fiscal 2001. These cost of living adjustments will be awarded by the Retirement Board each year, except in years in which the Retirement Board determines that such an adjustment would substantially impair the funding schedule.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

(e) *Legally Required Reserve Accounts*

The balances in the System's legally required reserves (on the statutory basis of accounting) at December 31, 2000 are as follows (in thousands):

Description	Amount	Purpose
Annuity savings fund	\$ 943,897	Active members' contribution balance
Annuity reserve fund	240,119	Retired members' contribution account
Military service credit	59	Members' contribution account while on military leave
Pension reserve fund	1,188,420	Amounts appropriated to fund future retirement benefits
Pension fund	806,032	Remaining net assets
	<u>\$ 3,178,527</u>	

All reserve accounts are funded at levels required by State statute.

(f) *Investment Concentration*

There were no investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of plan net assets.

(10) **Other Postemployment Benefit Disclosures**

In addition to the pension benefits described in note 9, the City provides postretirement health care and life insurance benefits, in accordance with state statute and City ordinance, to eligible retirees. Approximately 12,600 retirees meet the eligibility requirements as put forth in Chapter 32B of Massachusetts General Laws. The City pays 75% of Blue Cross/Blue Shield of Massachusetts ("BC/BS") premiums and 90% of HMO premiums for medical and hospitalization incurred by retirees and their dependents. The City also pays 75% of BC/BS Medicare premiums for each Medicare eligible retiree. The City provides for 50% of the premiums for \$5,000 of life insurance for each eligible retiree.

Expenditures of approximately \$40 million for health care and life insurance benefits for retirees are accounted for on a pay-as-you-go basis in fiscal 2001.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

(11) Operating Transfers

Operating transfers and their purposes during the year were as follows (in thousands):

	<u>Governmental funds</u>	<u>Trust funds</u>		<u>Discretely presented component unit</u>
	<u>General</u>	<u>Expendable</u>	<u>Non- expendable</u>	<u>PHC</u>
Primary government:				
Trust funds	\$ 1,678	(12,103)	10,425	—
Revenue for debt service	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>1,678</u>	<u>(12,103)</u>	<u>10,425</u>	<u>—</u>
Discretely presented component unit:				
Debt reimbursement	17,706	—	—	(17,706)
Operating subsidy	<u>(62,476)</u>	<u>—</u>	<u>—</u>	<u>62,476</u>
	<u>(44,770)</u>	<u>—</u>	<u>—</u>	<u>44,770</u>
	<u>\$ (43,092)</u>	<u>(12,103)</u>	<u>10,425</u>	<u>44,770</u>

(12) Fund Deficits and Excess of Expenditures

The following fund had a deficit equity balance at June 30, 2001 (in thousands):

Capital projects:	
Bond fund	\$ <u>33,891</u>
	\$ <u>33,891</u>

This fund deficit will be eliminated primarily through future bond issuances and the future receipt of federal, state and local aid.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

The City had expenditures in excess of their budgeted amounts for the year ended June 30, 2001 in the following categories (in thousands):

General government:	
Collective bargaining	\$ 6,279
Public Works:	
Snow removal	6,176
Employee benefits:	
Workers' compensation	770
State and district assessments:	
Special Education Chapter 766	23
School Choice	129
	<hr/>
	\$ 13,377

The excess expenditures reported above are allowed under the budgetary laws governing the City.

(13) Public Health System

Effective July 1, 1996, the City's Department of Health and Hospitals and Trustees of Health and Hospitals, a component unit, were abolished. Substantially all their assets and liabilities, including title to the City's two hospitals, Boston City Hospital ("BCH") and Boston Specialty and Rehabilitation Hospital ("BSRH"), were transferred to and assumed by the Boston Public Health Commission ("PHC").

Also effective July 1, 1996, the operations of BCH and BSRH were consolidated with the operations of the Boston University Medical Center under the licensure and control of the Boston Medical Center Corporation ("BMC").

The PHC receives the majority of its funding from federal and state grants, lease agreements with BMC and a City appropriation. During fiscal 2001, the City appropriated \$61.3 million to the PHC. As described below, the PHC uses the appropriation to pay debt service on certain general obligation bonds, base assistance grant payments to BMC and a portion of the consolidation costs to BMC. The remainder of the appropriation is used for administrative purposes and to support the various public health programs run by the PHC. The City has budgeted \$62.6 million for the PHC for fiscal 2002.

Due from PHC/BMC

On July 1, 1996, the PHC assumed a liability of \$149.8 million for a mortgage note (the "Note") held by a trustee and insured by the Federal Housing Authority ("FHA"), the balance of which is \$133.1 million at June 30, 2001. Payments made by the PHC on this Note are used, together with other funds held in trust, by the trustee to pay off the outstanding balance of \$145.6 million of the City's revenue refunding bonds dated June 1, 1993 (see note 8). The PHC receives funding for these Note payments from the BMC under a lease agreement whereby the BMC leases portions of the former BCH for an initial period of 50 years. Rental payments received under this lease are equal to the debt service

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

costs on the Note and on all City general obligation bonds allocable to BCH. These general obligation bonds were issued by the City between December 1967 and October 1995 and total \$22.8 million at June 30, 2001. These bonds pertain to the property and operations of the BCH Campus, South Block Campus, BSRH Campus, Emergency Medical Services Operations and the Long Island Campus.

In addition, the PHC and BMC are also responsible for reimbursing the City for health insurance, equipment lease payments, workers' compensation and other miscellaneous expenses paid for by the City.

Payments to BMC

Under the terms of the consolidation agreement, the PHC is obligated to pay BMC \$1.0 million per year for five (5) years, beginning on July 1, 1996, to subsidize the costs of consolidation. If after 5 years, total consolidation costs total less than \$10.0 million, the PHC is entitled to a rebate in an amount that will bring the PHC's share of these costs to 50%. The fiscal year 2001 payment to BMC represents the final payment under the terms of the consolidation agreement and it is expected BMC will provide documentation of the consolidated costs as part of their year-end process.

PHC is obligated to make future base assistance grant payments to BMC totaling \$12.0 million each year until the FHA Note has been paid off (scheduled in 2020). The total base assistance grant payments for fiscal 2001 were \$12 million.

In addition, the City was required to provide a capital contribution to the BMC, not to exceed \$25.0 million, to defray a portion of the cost of capital improvements and capital needs relating to the activities conducted at, and the use of, the BCH campus leased by the BMC. The final contribution aggregating \$25.0 million was fulfilled during fiscal year 2001.

During fiscal year 1997, the City deposited \$8.0 million of unexpended general obligation debt proceeds into an escrow account which were used during fiscal years 1997 and 1998 to complete capital projects on the property leased by BMC.

In addition, during fiscal 1997, the City made \$20.0 million in contributions to a capital fund in support of the Boston HealthNet health center members. The BMC is expected to provide \$2.0 million in each of the six (6) years following the consolidation in additional support to the Boston HealthNet health center members.

(14) Risk Management

The City is self insured for general liability, property and casualty (except for boiler and machinery losses up to \$2 million), worker injury, unemployment and certain employee health claims. The City's Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations, with exposure limited by a state tort cap under Chapter 258 of the Massachusetts General Laws. Except for certain health care costs described below, judgments and claims are charged to the general fund.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

The City's health insurance program, administered by the Health Insurance and Benefits Division, a program within Human Resources, provides coverage to the City's employees and retirees through a number of Health Maintenance Organizations ("HMO") and Blue Cross/Blue Shield of Massachusetts ("BC/BS"). Costs to the City for the HMOs, of which 10% is paid by employees, are accounted for in the general fund and are capped at a defined premium payment per employee.

BC/BS acts as a third-party agent for the City in the payment of the various claim plans used by the City. Costs incurred for the operation of the BC/BS plans, of which 25% is paid by employees, are accounted for in a separate health insurance internal service fund. These costs are contained on an individual case basis by a commercial insurance policy capping costs at \$175,000 per case.

The City has implemented a comprehensive risk financing strategy that includes establishing a catastrophic risk reserve, currently with a \$5.4 million balance available for future losses. The City has also improved systems for maximizing the receipt of federal disaster funds. On July 1, 1998, the City's first property insurance policy went into effect – a three-year, all-risk catastrophic policy covering all City property assets up to \$600 million, after a \$10 million retention. Any boiler and machinery-related property loss is additionally insured, after a \$10,000 deductible, for up to \$2.5 million.

The City has established a liability based on historical trends of previous years and attorney's estimates of pending matters and lawsuits in which the City is involved. Changes in the self-insurance liability for the fiscal years ended June 30, 2001 and 2000 are as follows (in thousands):

	2001		2000	
	Internal service fund	General long-term obligations account group	Internal service fund	General long-term obligations account group
Judgments and claims, beginning of year	\$ 11,202	20,174	9,740	17,395
Incurred claims	59,052	17,610	62,387	33,730
Payments of claims attributable to events of both the current and prior fiscal years:				
Health and life	(60,254)	—	(60,925)	—
Workers' compensation	—	(11,595)	—	(23,142)
Unemployment compensation	—	(1,731)	—	(1,607)
Court judgments	—	(2,008)	—	(6,202)
	<u>(60,254)</u>	<u>(15,334)</u>	<u>(60,925)</u>	<u>(30,951)</u>
Judgments and claims, end of year	\$ <u>10,000</u>	<u>22,450</u>	<u>11,202</u>	<u>20,174</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

The liabilities above have not been discounted to their present value. Incurred claims represent the total of a provision for events of the current fiscal year and any change in the provision for events of the prior fiscal years.

There are numerous pending matters and lawsuits in which the City is involved. The City attorneys estimate that the potential claims against the City not recorded in the accompanying general purpose financial statements resulting from such litigation would not materially affect the general purpose financial statements.

(15) Discretely Presented Component Units

The following presents condensed financial statements for each of the discretely presented component units:

Condensed Balance Sheet

June 30, 2001

(In thousands)

	PHC	BRA	TPL	EDIC	Total
Assets:					
Current assets	\$ 56,005	117,510	64,135	41,385	279,035
Due from BMC	150,204	—	—	—	150,204
Property, plant and equipment	30,147	1,245	922	23,221	55,535
Amounts to be provided for long-term debt	159,780	2,918	—	—	162,698
Total assets	\$ 396,136	121,673	65,057	64,606	647,472
Liabilities:					
Current liabilities	\$ 8,554	71,885	2,726	6,146	89,311
Accrued liabilities	9,834	7,069	—	2,762	19,665
Due to BMC	28,277	—	—	—	28,277
Due to primary government	156,832	—	368	—	157,200
Deferred revenue	154,533	30,761	—	9,797	195,091
Bonds and notes payable	—	1,475	—	21,062	22,537
Total liabilities	358,030	111,190	3,094	39,767	512,081
Equity:					
Investment in general fixed assets	30,147	1,245	922	—	32,314
Retained earnings	—	—	—	24,839	24,839
Fund balances	7,959	9,238	61,041	—	78,238
Total equity	38,106	10,483	61,963	24,839	135,391
Total liabilities and equity	\$ 396,136	121,673	65,057	64,606	647,472

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

Condensed Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2001

(In thousands)

	<u>PHC</u>	<u>BRA</u>	<u>Total</u>
Revenues	\$ 65,346	41,348	106,694
Expenditures:			
Operating and other	109,613	40,123	149,736
Capital outlay	<u>1,841</u>	<u>182</u>	<u>2,023</u>
Excess of revenues over (under) expenditures	(46,108)	1,043	(45,065)
Transfers to primary government	(17,706)	—	(17,706)
Transfers from primary government	<u>62,476</u>	<u>—</u>	<u>62,476</u>
Net changes in fund balance	(1,338)	1,043	(295)
Fund balance, beginning of year	<u>9,297</u>	<u>8,195</u>	<u>17,492</u>
Fund balance, end of year	<u>\$ 7,959</u>	<u>9,238</u>	<u>17,197</u>

Condensed Statement of Revenues, Expenses and Changes in Fund Equity

Year ended June 30, 2001

(In thousands)

	<u>TPL</u>	<u>EDIC</u>	<u>Total</u>
Operating revenues	\$ 15,447	12,180	27,627
Operating expenses:			
Depreciation	—	895	895
Other	<u>14,870</u>	<u>24,824</u>	<u>39,694</u>
Operating income (loss)	577	(13,539)	(12,962)
Other nonoperating revenues	<u>—</u>	<u>16,817</u>	<u>16,817</u>
Net income	577	3,278	3,855
Fund equity, beginning of year	<u>60,464</u>	<u>21,561</u>	<u>82,025</u>
Fund equity, end of year	<u>\$ 61,041</u>	<u>24,839</u>	<u>85,880</u>

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 2001

(16) Designations of Fund Equity

Fund balance designations have been established for the PHC, BRA and TPL to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or for equipment replacement.

Designations at June 30, 2001 include (in thousands):

	<u>PHC</u>	<u>BRA</u>	<u>TPL</u>	<u>Total</u>
Infrastructure	\$ 300	—	—	300
Property repairs/renovations	2,790	—	15,086	17,876
Public health program contingencies	2,080	—	—	2,080
Affordable housing	—	700	—	700
	<u>\$ 5,170</u>	<u>700</u>	<u>15,086</u>	<u>20,956</u>

Additionally, a portion of the general fund balance has been designated by management for expenditures in fiscal 2002.

CITY OF BOSTON, MASSACHUSETTS
State-Boston Retirement System

Required Supplementary Information
(Unaudited)

(Dollar amounts in thousands)

Schedule of Funding Progress

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
01/01/01	\$ 3,212,000	4,257,000	1,045,000	75.5%	\$ 990,000	105.6%
01/01/00	2,980,000	4,101,000	1,121,000	72.7%	943,000	118.9%
01/01/99	2,772,000	3,793,000	1,021,000	73.1%	803,000	127.1%
01/01/98	2,411,000	3,614,000 ⁽¹⁾	1,203,000	66.7%	768,000	156.6%
01/01/97	2,062,000	3,173,000	1,111,000	65.0%	735,000	151.2%
01/01/96	1,834,000	2,940,000	1,106,000	62.4%	777,000	142.3%

⁽¹⁾ Future cost of living increases assumed by the City.

Schedule of Contributions from Employers and the Commonwealth of Massachusetts

Year ended December 31	Annual required contribution	Percentage contributed
2000	\$ 162,561	100%
1999	166,733	100
1998	158,679	100
1997	151,645	100
1996	150,561	100
1995	141,032	100

Notes to Schedules

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2001
Actuarial cost method	Individual entry age normal
Amortization method	Payment increase at 3.5% per year
Remaining amortization period	20 years (for original unfunded)
Asset valuation method	5-year smoothing of investment returns greater (less) than expected
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.5%
Inflation rate	5.0%
Cost-of-living adjustments	3.0% on first \$12,000 of retirement income



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GENERAL FUND

The general fund is the operating fund of the City. It is used to account for all revenues, expenditures and other financial resources except those required to be accounted for in other funds.

Exhibit A-1

GENERAL FUND
Comparative Balance Sheet
June 30, 2001 and 2000
(in thousands)

	<u>2001</u>	<u>2000</u>
ASSETS		
Cash and investments.....	\$ 415,294	\$ 318,677
Restricted cash and investments.....	16,280	16,280
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):		
Property taxes.....	78,421	80,366
Motor vehicle excise.....	9,498	8,674
Intergovernmental.....	70,253	50,119
Departmental and other.....	2,621	2,033
Total receivables.....	<u>160,793</u>	<u>141,192</u>
Due from other funds.....	60,628	86,536
Due from component units.....	157,200	163,859
Total assets.....	<u>\$ 810,195</u>	<u>\$ 726,544</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Warrants and accounts payable.....	\$ 107,471	\$ 94,984
Accrued liabilities:		
Tax abatement refunds.....	90,600	89,555
Compensated absences.....	17,000	-
Other.....	69,660	62,845
Due to other funds.....	4,420	11,508
Deferred revenue.....	254,146	246,495
Matured interest and bonds payable.....	438	457
Total liabilities.....	<u>543,735</u>	<u>505,844</u>
Fund balance:		
Reserved for:		
Debt service.....	16,280	16,280
Encumbrances and other.....	38,169	41,157
Unreserved:		
Designated for subsequent year expenditures.....	30,000	-
Undesignated.....	182,011	163,263
Total fund balance.....	<u>266,460</u>	<u>220,700</u>
Total liabilities and fund balance.....	<u>\$ 810,195</u>	<u>\$ 726,544</u>

Exhibit A-2

GENERAL FUND

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30, 2001 and 2000
(in thousands)

	<u>2001</u>	<u>2000</u>
REVENUES:		
Local:		
Real and personal property taxes, net.....	\$ 874,868	\$ 869,295
Excises.....	72,645	68,656
Payments in lieu of taxes.....	72,720	56,423
Fines.....	57,840	57,709
Investment income.....	26,289	19,255
Licenses and permits.....	36,795	28,892
Departmental and other revenue.....	58,306	45,490
Total local revenues.....	<u>1,199,463</u>	<u>1,145,720</u>
Intergovernmental:		
Commonwealth of Massachusetts.....	<u>493,278</u>	<u>475,813</u>
Total intergovernmental revenues.....	<u>493,278</u>	<u>475,813</u>
Total revenues.....	<u>1,692,741</u>	<u>1,621,533</u>
EXPENDITURES:		
Current:		
General government.....	67,913	65,132
Human services.....	5,464	4,916
Public safety.....	373,362	358,855
Public works.....	77,241	69,689
Property and development.....	41,300	35,230
Parks and recreation.....	15,547	13,700
Library.....	30,360	27,792
Schools.....	611,368	578,583
County.....	6,030	5,861
Judgments and claims.....	5,011	6,911
Retirement costs.....	84,970	96,019
Other employee benefits.....	90,501	86,221
State and district assessments.....	66,788	66,995
Capital outlays.....	4,057	5,868
Debt service.....	<u>123,977</u>	<u>114,486</u>
Total expenditures.....	<u>1,603,889</u>	<u>1,536,258</u>
Excess of revenues over expenditures.....	<u>88,852</u>	<u>85,275</u>
OTHER FINANCING SOURCES (USES):		
Operating transfers in	1,678	1,636
Operating transfers out.....	-	(2,683)
Transfers from component unit.....	17,706	18,026
Transfers to component unit.....	<u>(62,476)</u>	<u>(58,213)</u>
Total other financing uses.....	<u>(43,092)</u>	<u>(41,234)</u>
Excess of revenues and other financing sources over expenditures and other financing uses.....	<u>45,760</u>	<u>44,041</u>
Fund balance, beginning of year.....	<u>220,700</u>	<u>176,659</u>
Fund balance, end of year.....	<u>\$ 266,460</u>	<u>\$ 220,700</u>

Exhibit A-3

GENERAL FUND
Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
Year Ended June 30, 2001
(in thousands)
(with comparative actual amounts for 2000)

<u>Classification</u>	2001				2000 <u>Actual</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	
PROPERTY TAXES					
Real and Personal Property Taxes.....	\$ 873,844	\$ 873,844	\$ 874,013	\$ 169	\$ 824,980
Revenue class total	<u>873,844</u>	<u>873,844</u>	<u>874,013</u>	<u>169</u>	<u>824,980</u>
MOTOR VEHICLE EXCISE					
Motor Vehicle Excise - Current	37,000	37,000	43,292	6,292	35,493
Motor Vehicle Excise - Prior Years.....	-	-	(1,471)	(1,471)	1,443
Boat Excise - Current	20	20	1	(19)	26
Revenue class total	<u>37,020</u>	<u>37,020</u>	<u>41,822</u>	<u>4,802</u>	<u>36,962</u>
OTHER EXCISE TAXES					
Hotel / Motel Room Excise.....	25,200	25,200	15,000	(10,200)	23,900
Aircraft Fuel Excise.....	19,551	19,551	15,279	(4,272)	7,608
Condominium Con. Excise.....	325	325	556	231	437
County Deeds Excise Fund.....	-	-	(11)	(11)	11
Urban Redevelopment Ch.121A.....	27,996	27,996	32,827	4,831	27,266
Revenue class total	<u>73,072</u>	<u>73,072</u>	<u>63,651</u>	<u>(9,421)</u>	<u>59,222</u>
COMMONWEALTH OF MASSACHUSETTS					
State Owned Lands.....	370	370	-	(370)	-
R.E. Abatements - Elderly.....	578	578	-	(578)	-
R.E. Abatements - Other.....	264	264	-	(264)	-
					(continued)

Exhibit A-3 (continued)

GENERAL FUND
Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
Year Ended June 30, 2001
(in thousands)
(with comparative actual amounts for 2000)

<u>Classification</u>	2001				2000 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	
R.E. Abatements - Blind.....	25	25	-	(25)	-
Elderly Exemptions 1977 Chapter 967.....	204	204	-	(204)	578
State Lottery Local Aid.....	60,418	60,693	70,978	10,285	63,066
Highways - Local Aid.....	836	836	837	1	837
Veterans Services - Local Aid.....	603	603	168	(435)	576
Pensions - Retired Teachers.....	39,000	39,000	41,393	2,393	38,751
Local Aid - Add'l Assistance Chapter 36.....	206,638	206,638	206,638	-	206,638
Racing Taxes.....	458	458	594	136	441
School Construction - State.....	19,824	19,824	20,199	375	17,088
Charter School Reimbursement.....	10,518	10,518	7,510	(3,008)	5,242
Charter Schools Tuition.....	-	-	(21,892)	(21,892)	(17,323)
School Aid Chapter 70.....	172,895	172,895	197,517	24,622	186,152
Transportation of Pupils.....	10,053	10,053	6	(10,047)	10,487
Tuition For State Wards.....	1,258	1,258	1,221	(37)	1,148
Revenue class total	<u>523,942</u>	<u>524,217</u>	<u>525,169</u>	<u>952</u>	<u>513,681</u>
DEPARTMENTAL & OTHER REVENUE					
Penalties & Interest - Property Taxes.....	1,600	1,600	1,389	(211)	1,622
Penalties & Interest - Motor Vehicle.....	2,850	2,850	2,741	(109)	2,779
Penalties & Interest - Tax Title.....	6,200	6,200	3,889	(2,311)	6,216
Penalties & Interest - Street Assessments.....	-	-	6	6	-
Sidewalks Paid in Advance.....	1	1	-	(1)	-
Unapportioned Sidewalk Assessments.....	5	5	-	(5)	8
Streets Paid in Advance.....	-	1	3	2	-
Unapportioned Street Assessments.....	10	10	(8)	(18)	17
					(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
 Year Ended June 30, 2001
 (in thousands)
 (with comparative actual amounts for 2000)

Classification	2001			2000 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Purchasing Services.....	12	12	19	7
Registry Division Fees.....	980	980	1,012	32
City Record Sale of Publications.....	15	15	9	(6)
Assessing Fees.....	25	25	22	(3)
Liens.....	700	700	745	45
Sale of Equipment.....	35	35	20	(15)
City Clerk Fees.....	560	560	560	-
Election Fees.....	150	150	12	(138)
Muni Medicaid Reimbursement.....	8,392	11,050	18,929	7,879
City Council Sale of Publications.....	1	1	1	-
Passport Execution Fees.....	-	-	7	7
Environment Dept. Fees.....	70	70	51	(19)
Police Services.....	550	550	462	(88)
Police Fitness & Wellness Fees.....	-	1	12	11
Fire Services.....	2,750	2,750	2,974	224
Fire Department-Misc.....	5	5	20	15
Parking Facilities.....	825	825	2,222	1,397
Street, Sidewalk and Curb Repairs.....	3,000	3,000	2,068	(932)
Demolition of Abandoned Structures.....	50	50	205	155
C/H Coffee Shop 8th Floor.....	6	6	7	1
C/H Walker Associates.....	3	3	3	-
New Chardon St. C. O. M.....	92	92	104	12
Job Tylers.....	29	29	29	-

(continued)

Exhibit A-3 (continued)

GENERAL FUND
Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
Year Ended June 30, 2001
(in thousands)
(with comparative actual amounts for 2000)

<u>Classification</u>	<u>2001</u>			<u>Variance</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	<u>2000 Actual</u>
Greetings from Boston.....	10	10	10	-	-
International News.....	22	22	22	-	-
U.S.P.S.....	-	-	17	17	-
Brearley Collection.....	25	25	19	(6)	-
Boston Creamery.....	19	19	27	8	-
Heritage Shop.....	35	34	33	(1)	-
Red Barn Coffee House.....	-	-	32	32	-
Stamp of Approval.....	-	-	9	9	-
Out of Left Field.....	-	-	33	33	-
Local Color Inc.....	-	-	32	32	-
Special Events - Faneuil Hall.....	40	40	48	8	342
Special Events - City Hall.....	50	50	35	(15)	100
Other Revenues - Public Facilities.....	150	150	88	(62)	178
Utility Reimbursement.....	2	2	40	38	-
Miscellaneous Property Management.....	-	1	-	(1)	2
Concessions - Parks.....	2	2	-	(2)	6
Veterans Services.....	-	-	658	658	2
Fiber Optics Access Fees.....	1,600	1,600	2,793	1,193	1,721
Public Works-Recycling.....	-	-	-	-	68
Public Works - Other Charges.....	3	2	761	759	3
Transportation Dept. - Recycled Autos.....	5	5	-	(5)	-
Tuition and Transportation - Schools.....	550	550	424	(126)	447
Miscellaneous Receipts - Schools.....	5	5	7	2	2
Library Fees.....	175	175	71	(104)	176
Library of Last Recourse.....	-	2,367	2,367	-	2,517
Registry of Deeds.....	-	-	-	-	356
Cobra/selfpay.....	475	475	716	241	592

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
 Year Ended June 30, 2001
 (in thousands)
 (with comparative actual amounts for 2000)

Classification	2001				2000 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
Telephone Commissions - Real Property.....	65	65	87	22	55
Insurance Proceeds.....	-	-	1,002	1,002	-
City Workers' Comp. Reimbursement.....	1,000	1,000	733	(267)	1,255
Miscellaneous Law.....	3	3	6	3	1
Affirmative Recovery Unit.....	500	500	382	(118)	379
Special Prosecutors Office.....	20	20	13	(7)	14
Fringe Reimbursements.....	10	10	2	(8)	-
Pensions and Annuities.....	1,800	1,800	2,701	901	633
Indirect Costs Reimbursement.....	725	725	423	(302)	185
Police Detail Payroll.....	-	-	(2,175)	(2,175)	558
Fire Department Special Detail.....	-	-	(250)	(250)	159
Property Management - Detail.....	-	-	30	30	(182)
AR Tellers Adjustment Account.....	-	-	-	-	1
Suffolk County Detail.....	-	-	56	56	1
Prior Year Reimbursements.....	2,000	2,000	2,490	490	1,538
Other General Services.....	3	3	28	25	3
Miscellaneous Refunds.....	25	25	(123)	(148)	(130)
Miscellaneous Collections.....	3	3	(481)	(484)	113
Child Support Reimbursement.....	40	40	54	14	35
Mayor's Office.....	-	-	-	-	2
Miscellaneous - Treasury.....	50	50	59	9	448
Police Detail Admin. Fee.....	2,250	2,250	2,074	(176)	2,192
Property Mgmt - Administrative Fees.....	6	6	7	1	6
Fire - Administrative Fees.....	275	275	224	(51)	269
Parks and Recreation 10% Admin Fee.....	2	2	1	(1)	1
Suffolk County 10% Admin Fee.....	3	3	2	(1)	3
Revenue class total	40,864	45,890	53,100	7,210	46,096

(continued)

Exhibit A-3 (continued)

GENERAL FUND
 Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
 Year Ended June 30, 2001
 (in thousands)
 (with comparative actual amounts for 2000)

<u>Classification</u>	2001				2000 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	
FINES					
Parking Fines.....	56,100	56,100	19,591	(36,509)	18,498
Mail Collection of Parking fines.....	-	-	35,918	35,918	35,053
Superior Criminal court.....	-	-	1	1	-
Municipal Criminal Court.....	25	25	16	(9)	26
Municipal Civil Court.....	2,000	2,000	3,452	1,452	2,007
East Boston District Court.....	25	25	233	208	23
Brighton District Court.....	25	25	9	(16)	25
Charlestown District Court.....	1	1	1	-	1
Dorchester District Court.....	15	15	15	-	15
Roxbury District Court.....	10	10	10	-	9
South Boston District Court.....	15	15	13	(2)	20
West Roxbury District Court.....	8	8	8	-	8
ISD - Fines.....	3	3	2	(1)	2
ISD - Board of Appeals.....	5	5	2	(3)	(2)
Code Enforcement.....	200	200	498	298	257
Revenue class total	<u>58,432</u>	<u>58,432</u>	<u>59,769</u>	<u>1,337</u>	<u>55,942</u>
PAYMENTS IN LIEU OF TAXES					
Boston College.....	200	200	205	5	196
New England Deaconess Hospital.....	-	-	42	42	-
New England Medical Center Hospital.....	603	603	667	64	607
Boston Symphony Orchestra.....	31	31	34	3	30
Old City Hall.....	650	650	663	13	659
Boston University.....	2,571	2,571	5,254	2,683	227
Mass Port Authority.....	10,607	10,607	11,423	816	10,501
					(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
 Year Ended June 30, 2001
 (in thousands)
 (with comparative actual amounts for 2000)

<u>Classification</u>	2001				Variance Favorable (Unfavorable)	2000 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual</u>		
Sale of Property - Special Taxes.....	50	50	384	334		84
Berkeley School.....	169	169	162	(7)		174
Trimount Foundation.....	15	15	15	-		15
Harvard Community Health Plan.....	-	-	39	39		102
Mass General Hospital.....	1,936	1,936	1,808	(128)		1,820
Harvard University.....	1,200	1,200	1,431	231		1,465
Suffolk University.....	165	165	102	(63)		163
Simmons College.....	15	15	15	-		15
Northeastern University.....	140	140	138	(2)		140
North End Nursing Home.....	56	56	56	-		56
New England School of Law.....	13	13	13	-		13
Brigham and Women's Hospital.....	705	705	706	1		621
E.D.I.C.- In Lieu.....	320	320	314	(6)		157
Tufts University.....	17	17	17	-		17
Section 2C.....	50	50	467	417		28
University Hospital.....	70	70	132	62		-
Museum of Fine Arts.....	45	45	40	(5)		41
Children's Hospital.....	100	100	94	(6)		283
Showa.....	83	83	87	4		84
Wentworth Institute.....	2	2	2	-		2
Emerson College.....	21	21	22	1		21
Spaulding Rehabilitation Hospital.....	52	52	59	7		39
MASCO.....	68	68	71	3		100
Beth Israel Hospital.....	167	167	125	(42)		209
Massachusetts Mental Health Program.....	26	26	41	15		26
E.O.C.D.....	12	12	81	69		12
Bay Cove Human Services.....	12	12	10	(2)		21

(continued)

Exhibit A-3 (continued)

GENERAL FUND
Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
Year Ended June 30, 2001
(in thousands)
(with comparative actual amounts for 2000)

<u>Classification</u>	<u>2001</u>			<u>Variance</u>	<u>2000</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	<u>Actual</u>
Domicilia.....	3	3	3	-	3
Noble School House.....	13	13	14	1	12
Wang.....	40	40	-	(40)	-
Dana Farber Cancer Institute.....	69	69	71	2	68
Mass College of Pharmacy.....	95	95	98	3	93
Boston Housing Authority.....	541	541	742	201	595
Metro Health Foundation.....	3	3	3	-	-
Marriott Custom House Tower.....	260	260	295	35	-
Prudential Insurance Co.....	135	135	341	206	294
Jamaica Tower and Townhouse.....	68	68	-	(68)	7
Buse Boston.....	-	-	41	41	16
Back Bay Manor Apartments.....	-	-	55	55	30
St. Joseph Community Inc.....	3	3	7	4	2
Camfield Gardens LTD.....	13	13	10	(3)	(13)
Jewish Comm. Housing Elderly Inc.....	86	86	96	10	85
Roxse Homes, Inc.....	15	15	-	(15)	(15)
One Beacon Street.....	2,095	2,095	2,811	716	1,982
Jewish Comm. Housing Elderly II.....	93	93	107	14	93
Newcastle Associates.....	29	29	28	(1)	33
Summer Street Realty Corp.....	198	198	1,614	1,416	285
Rockingham Glen Associates.....	-	-	19	19	21
Chauncy House Company.....	9	9	27	18	6
Tenants Development Corp.....	126	126	-	(126)	-
Metro Health Foundation.....	-	-	-	-	4
Vivendas Associates.....	100	100	102	2	203
					(continued)

(continued)

Exhibit A-3 (continued)

GENERAL FUND
 Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
 Year Ended June 30, 2001
 (in thousands)
 (with comparative actual amounts for 2000)

<u>Classification</u>	2001				2000 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	
Mercantile Wharf Associates.....	50	50	64	14	47
Quincy Tower Associates.....	82	82	80	(2)	-
Franklin Park Associates.....	73	73	75	2	63
Gardner Apartments Associates.....	1	1	1	-	-
Jamaica Plain Associates.....	3	3	1	(2)	1
Allied Stores Gen. Re. Corp.....	900	900	1,181	281	-
Conway Court Associates.....	5	5	4	(1)	4
Jewish Comm. Housing Elderly III.....	56	56	52	(4)	48
Mission Park Corp.....	13	13	7	(6)	3
Woodbury Cunard Associates.....	1	1	-	(1)	-
Medical Area Total Energy.....	1,953	1,953	2,773	820	2,361
Madison Park III Associates.....	123	123	119	(4)	117
Victory Gardens Associates.....	-	-	3	3	1
Reservoir Towers Associates.....	248	248	212	(36)	248
Bowdoin School Associates.....	7	7	1	(6)	8
Borinquen Associates.....	10	10	7	(3)	9
Ausonia Homes Associates.....	4	4	180	176	166
Haynes House Associates.....	3	3	-	(3)	7
Madison Park IV Associates.....	126	126	118	(8)	121
Cottage Brook Associates.....	56	56	59	3	58
Intervale - Magnolia Associates.....	45	45	35	(10)	38
Woodledge Associates.....	67	67	53	(14)	54
Woodbourne Community Housing Corp.....	1	1	1	-	-
School House '77 Associates.....	53	53	34	(19)	34
Peterborough House Associates.....	211	211	86	(125)	203
Dorchester Green LP.....	9	9	7	(2)	6

(continued)

Exhibit A-3 (continued)

GENERAL FUND
 Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
 Year Ended June 30, 2001
 (in thousands)
 (with comparative actual amounts for 2000)

<u>Classification</u>	<u>2001</u>			<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2000</u> <u>Actual</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>		
Mason Place Company.....	11	11	-	(11)	9
Keystone Apartments Co.....	204	204	204	-	209
Stearns Company.....	3	3	-	(3)	1
Blake Estates Associates.....	175	175	179	4	175
Immobilier New England.....	-	-	63	63	31
Servicenter, Inc.....	13	13	6	(7)	1
Taurus At Fountain Hill.....	77	77	68	(9)	70
Marcus Garvey Associates.....	-	-	-	-	82
St. Botolph Terrace.....	17	17	13	(4)	14
Fieldstone Associates.....	-	-	8	8	5
Hemenway Apt. Co.....	76	76	68	(8)	71
Blake Estates Associates II.....	86	86	79	(7)	81
Back Hill Comm. Devel. Associates.....	64	64	60	(4)	63
Boston Rehab Associates.....	2	2	18	16	16
Lafayette Place Mall.....	35	35	-	(35)	-
Casa Maria Housing Corp.....	-	-	5	5	-
Savin Hill Apartments Co.....	137	137	128	(9)	130
Wait Street Associates.....	98	98	-	(98)	92
Adams and Templeton Associates.....	69	69	55	(14)	61
B'hai Brith Senior Citizens Housing.....	197	197	132	(65)	129
Brighton Allston Elderly Home.....	40	40	37	(3)	38
Bradford Towers Associates.....	163	163	185	22	151
Sarah Baker Manor Associates.....	34	34	21	(13)	31
Frankie O'Day Corp.....	-	-	1	1	2
On Luck Housing Devel. Inc.....	14	14	8	(6)	12
Governor Apt. Associates.....	92	92	93	1	91

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 2001

(in thousands)

(with comparative actual amounts for 2000)

Classification	2001				2000 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
Dorchester Housing Associates.....	87	87	97	10	84
Charles H Farnsworth Housing Corp.....	79	79	41	(38)	50
ETC Development Corp.....	132	132	111	(21)	-
RHC and Associates.....	55	55	47	(8)	53
Mt. Pleasant Associates.....	113	113	143	30	113
Angela Westover Housing Corp.....	15	15	10	(5)	10
Oxford Place Associates.....	47	47	38	(9)	41
East Canton Street Associates.....	50	50	39	(11)	26
Rogerson Beacon Associates.....	72	72	74	2	71
Academy Homes Urban Edge LP.....	2	2	-	(2)	-
Commonwealth Flats Hotel LP.....	10	10	308	298	-
Misc Chapter 121A Section 6A.....	-	-	950	950	1,100
Dimock-Bragdon Associates.....	35	35	-	(35)	34
Council of Elders.....	76	76	17	(59)	-
City Square Elderly Housing.....	28	28	26	(2)	51
Boston Garden Corporation.....	293	293	301	8	557
Marriott Custom House Tower.....	-	-	-	-	185
Allston Landing LP.....	-	-	1	1	-
Commonwealth Flats Develop. East LP.....	180	180	-	(180)	-
Madison Trinity LP.....	-	-	4	4	-
Revenue class total	31,146	31,146	39,994	8,848	29,269
INVESTMENT INCOME					
Interest on Investments.....	20,000	20,000	26,084	6,084	21,886
Revenue class total	20,000	20,000	26,084	6,084	21,886
					(continued)

Exhibit A-3 (continued)

GENERAL FUND
Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
Year Ended June 30, 2001
(in thousands)
(with comparative actual amounts for 2000)

Classification	2001			Variance Favorable (Unfavorable)	2000 Actual
	Original Budget	Final Budget	Actual		
LICENSES AND PERMITS					
Building Structures and Permits.....	14,000	14,000	27,192	13,192	18,528
Weights and Measures.....	150	150	176	26	150
Street and Curb Permits.....	1,350	1,350	1,352	2	1,500
Pre-rental Inspections.....	80	80	67	(13)	75
Misc Charges-Inspectional Services.....	20	20	13	(7)	26
Public Safety-Inspectional Services.....	40	40	44	4	60
Health Inspections.....	1,300	1,300	1,065	(235)	1,088
Alcoholic Beverages and Licenses.....	2,325	2,325	2,307	(18)	2,296
Entertainment Licenses.....	475	475	483	8	468
Police and Protective Permits.....	475	475	547	72	455
Professional & Occupational Licenses.....	90	90	70	(20)	63
Police Firearm Permits.....	80	80	27	(53)	72
Other Business Licenses and Permits.....	990	990	1,001	11	943
Cable Television.....	2,900	2,900	3,418	518	2,846
Burial Permits.....	90	90	62	(28)	82
Revenue class total	24,365	24,365	37,824	13,459	28,652
SALE OF PROPERTY					
Sale of City Property.....	-	-	-	-	500
Revenue class total	-	-	-	-	500
TRANSFERS AND OTHER AVAILABLE FUNDS					
Surplus Property Fund.....	14,000	14,000	-	(14,000)	-
Appropriated Cemetery Trustee.....	1,678	1,678	1,678	-	1,636
Appropriated Parking Meter Receipts.....	10,000	10,000	6,677	(3,323)	5,031
Revenue class total	25,678	25,678	8,355	(17,323)	6,667
Total Revenues and Other Financing Sources	\$ 1,708,363	\$ 1,713,664	\$ 1,729,781	\$ 16,117	\$ 1,623,857

Exhibit A-4

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2001

(in thousands)

(with comparative actual amounts for 2000)

	2001				Variance		2000
	Original Budget	Final Budget	Actual	(Unfavorable)	Actual		
GENERAL GOVERNMENT							
Costs of Issuance - RANS.....	\$ 500	\$ 202	\$ 202	\$ -	\$ -	472	
Annual Audit Costs.....	600	600	600	-	-	555	
Mayor's Office.....	1,882	1,882	1,875	7	7	1,793	
City Council.....	3,491	3,491	3,333	158	158	3,289	
Office of New Bostonians.....	-	40	40	-	-	-	
Consumer Affairs and Licensing.....	453	453	398	55	55	358	
Office of Community Partnerships.....	1,584	1,584	1,583	1	1	1,704	
Boston 2 to 6.....	567	567	557	10	10	544	
Election Department - Election Division.....	2,865	2,966	2,650	316	316	3,183	
Election Department - Listing Board.....	370	370	227	143	143	293	
Auditing Department.....	3,573	3,677	3,622	55	55	3,971	
Taxpayer Referral Department & Asst. Cntr.....	451	460	412	48	48	380	
Assessing Department.....	5,618	5,674	5,656	18	18	5,321	
Treasury Department - Collecting Division.....	2,281	2,302	1,881	421	421	2,042	
Treasury Department - Treasury Division.....	1,461	1,690	1,585	105	105	1,262	
Office of Budget Management.....	2,288	2,633	2,632	1	1	2,240	
Human Resources.....	2,280	2,317	2,236	81	81	2,193	
Purchasing Division.....	1,174	1,194	1,182	12	12	1,141	
Office of Chief Operating Officer.....	1,012	854	782	72	72	823	
Graphic Arts.....	1,478	1,505	1,440	65	65	1,380	
Office Labor Relations.....	956	956	888	68	68	1,042	
Management Information System.....	10,854	10,779	10,779	-	-	9,240	
Intergovernmental Relations.....	934	948	878	70	70	916	
						(continued)	

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)
 Year Ended June 30, 2001
 (in thousands)
 (with comparative actual amounts for 2000)

	2001			Variance	
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	2000 Actual
Minority/Women's Business.....	616	634	580	54	541
Office of Boston Residents Job Policy.....	441	440	437	3	401
Risk Retention Reserve.....	1,000	1,000	1,000	-	1,000
Law Department.....	5,283	5,061	4,860	201	3,876
City Clerk.....	844	868	840	28	807
Registry Division.....	858	868	814	54	783
Management Fund.....	225	225	225	-	225
Finance Commission.....	186	186	183	3	171
Office of Civil Rights.....	466	466	351	115	383
Emergency Shelter Commission.....	595	631	624	7	585
Public Information.....	884	884	799	85	787
Neighborhood Services.....	922	1,082	1,005	77	947
Special Events and Tourism.....	1,794	1,638	1,573	65	1,472
Women's Commission.....	159	174	160	14	149
Office of Cultural Affairs.....	1,028	1,028	1,025	3	726
Tregor Reserve Fund.....	-	1,282	1,282	-	-
Reserve For Collective Bargaining.....	9,912	6,221	12,500	(6,279)	8,500
Function total	71,885	69,832	73,696	(3,864)	65,495

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2001

(in thousands)

(with comparative actual amounts for 2000)

	2001				2000
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
HUMAN SERVICES					
Rental Housing Resource Center.....	809	703	666	37	683
Elderly Commission.....	2,541	2,610	2,596	14	2,415
Veterans Services Department.....	2,587	2,394	2,336	58	2,005
Function total	5,937	5,707	5,598	109	5,103
PUBLIC SAFETY					
Police Department.....	214,176	214,389	214,286	103	200,757
Fire Department.....	117,468	117,579	116,859	720	118,751
Transportation - Traffic Division.....	18,970	19,079	19,060	19	17,611
Transportation - Parking Clerk.....	9,324	9,256	9,122	134	8,554
Licensing Board.....	628	631	606	25	548
Inspectional Services Department.....	12,236	12,846	12,724	122	11,271
Youth Fund.....	6,392	8,618	8,618	-	6,199
Function total	379,194	382,398	381,275	1,123	363,691
PUBLIC WORKS					
Public Works Department.....	64,494	65,531	65,531	-	63,133
Central Maintenance Facility.....	2,010	2,021	1,931	90	1,563
Snow Removal.....	4,406	4,406	10,582	(6,176)	6,019
Function total	70,910	71,958	78,044	(6,086)	70,715

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)
 Year Ended June 30, 2001
 (in thousands)
 (with comparative actual amounts for 2000)

	2001				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2000 Actual
PROPERTY AND DEVELOPMENT					
Property Management.....	16,795	17,933	17,796	137	15,661
Neighborhood Development.....	4,691	7,047	7,047	-	4,460
Boston Redevelopment Authority.....	725	725	725	-	-
Support Division.....	13,000	13,000	13,000	-	256
Boston Community Centers.....	14,819	15,064	14,955	109	14,591
Function total	50,030	53,769	53,523	246	34,968
PARKS AND RECREATION					
Parks and Recreation Department.....	11,773	12,721	12,721	-	11,565
Environment Department.....	943	943	938	5	879
Cemetery Division.....	1,711	1,720	1,603	117	1,500
Function total	14,427	15,384	15,262	122	13,944
LIBRARY					
Library Department.....	26,901	29,981	29,981	-	28,160
Function total	26,901	29,981	29,981	-	28,160
SCHOOLS					
General School Purposes.....	610,696	611,943	611,925	18	579,181
Function total	610,696	611,943	611,925	18	579,181

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2001

(in thousands)

(with comparative actual amounts for 2000)

	2001			Variance Favorable (Unfavorable)	2000 Actual
	Original Budget	Final Budget	Actual		
PUBLIC HEALTH					
Public Health Commission.....	61,866	62,141	62,141	-	58,213
Function total	61,866	62,141	62,141	-	58,213
COUNTY					
Suffolk County Jail.....	6,030	6,030	6,030	-	5,854
Function total	6,030	6,030	6,030	-	5,854
JUDGMENTS AND CLAIMS					
Execution of Courts.....	4,100	2,008	2,008	-	6,203
Function total	4,100	2,008	2,008	-	6,203
OTHER EMPLOYEE BENEFITS					
Medicare Payments.....	3,114	3,238	3,238	-	3,201
Human Resources.....	520	-	-	-	479
Health Benefits & Insurance.....	89,430	88,952	87,712	1,240	78,847
Unemployment Compensation.....	50	50	12	38	4
Workers' Compensation Fund.....	3,400	3,400	4,170	(770)	4,069
Function total	96,514	95,640	95,132	508	86,600

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)
 Year Ended June 30, 2001
 (in thousands)
 (with comparative actual amounts for 2000)

	2001			Variance	2000
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	Actual
PENSION COSTS					
State - Boston Retirement System.....	127,475	127,475	127,475	-	128,595
Pensions and Annuities - City.....	5,800	5,800	5,800	-	5,665
Pensions and Annuities - County.....	500	500	500	-	269
Function total	133,775	133,775	133,775	-	134,529
DEBT REQUIREMENTS					
Redemption of City Loans.....	69,854	69,854	69,854	-	63,246
City Debt and Interest Payments.....	35,545	35,545	35,545	-	32,653
Interest on Temporary Notes.....	3,000	-	-	-	-
MWPAT Principal.....	180	180	180	-	-
MWPAT Interest.....	399	399	399	-	106
Function total	108,978	105,978	105,978	-	96,005
STATE & DISTRICT ASSESSMENTS					
Health Insurance/Retirement.....	604	604	604	-	631
Parking Surcharge.....	3,106	3,106	2,882	224	3,105
Mosquito Control Projects.....	176	176	176	-	145
Special Education Chapter 766.....	463	463	486	(23)	446

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2001

(in thousands)

(with comparative actual amounts for 2000)

	2001				Variance	
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	2000 Actual	
Metropolitan Air Pollution Center.....	134	134	134	-	132	
Metropolitan Area Planning	139	139	139	-	137	
M.B.T.A. Assessments.....	62,487	62,487	62,227	260	62,227	
School Choice.....	-	-	129	(129)	161	
M.D.C. Assessments.....	11	11	11	-	11	
Function total	67,120	67,120	66,788	332	66,995	
Total Expenditures \$	1,708,363 \$	1,713,664 \$	1,721,156 \$	(7,492) \$	1,615,656	

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources, other than debt service, trust funds or capital projects that are legally restricted for specific purposes.

Grant Fund accounts for a number of federal and state grants administered by the City's individual departments. These funds provide additional support to department programs.

Revolving Fund accounts for funds that are set aside, generally by state statute, that are used to support the City's general fund operations. These funds are directly linked to a specific activity and are available without further City Council Appropriation.

Exhibit B-1

SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2001

(in thousands)

(with comparative totals for 2000)

	Grant Fund	Revolving Fund	Totals	
			2001	2000
ASSETS				
Cash and investments.....	\$ 12,493	\$ 91,384	\$ 103,877	\$ 71,624
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):				
Intergovernmental.....	27,147	-	27,147	65,671
Departmental and other.....	12,699	447	13,146	1,316
Total receivables.....	<u>39,846</u>	<u>447</u>	<u>40,293</u>	<u>66,987</u>
Due from other funds.....	4,291	-	4,291	29,527
Total assets.....	<u>\$ 56,630</u>	<u>\$ 91,831</u>	<u>\$ 148,461</u>	<u>\$ 168,138</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Warrants and accounts payable.....	\$ 9,801	\$ 398	\$ 10,199	\$ 32,301
Other accrued liabilities.....	301	20,995	21,296	33,926
Due to other funds.....	3,724	-	3,724	31,714
Total liabilities.....	<u>13,826</u>	<u>21,393</u>	<u>35,219</u>	<u>97,941</u>
Fund balance:				
Reserved for:				
Encumbrances and other.....	57,263	2,968	60,231	62,980
Unreserved:				
Undesignated.....	(14,459)	67,470	53,011	7,217
Total fund balance	<u>42,804</u>	<u>70,438</u>	<u>113,242</u>	<u>70,197</u>
Total liabilities and fund balance.....	<u>\$ 56,630</u>	<u>\$ 91,831</u>	<u>\$ 148,461</u>	<u>\$ 168,138</u>

Exhibit B-2

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2001

(in thousands)

(with comparative totals for 2000)

	<u>Grant Fund</u>	<u>Revolving Fund</u>	<u>Totals</u>	
			<u>2001</u>	<u>2000</u>
REVENUES:				
Local:				
Departmental and other revenue.....	\$ 37,136	\$ 43,331	\$ 80,467	\$ 34,135
Total local revenues.....	<u>37,136</u>	<u>43,331</u>	<u>80,467</u>	<u>34,135</u>
Intergovernmental:				
Federal	152,967	-	152,967	146,367
Commonwealth of Massachusetts.....	127,315	-	127,315	109,063
Total intergovernmental revenues.....	<u>280,282</u>	<u>-</u>	<u>280,282</u>	<u>255,430</u>
Total revenues.....	<u>317,418</u>	<u>43,331</u>	<u>360,749</u>	<u>289,565</u>
EXPENDITURES:				
Current operations:				
General government.....	5,402	3,910	9,312	7,185
Human services.....	4,820	136	4,956	3,757
Public safety.....	13,560	6,996	20,556	23,060
Public works.....	48	541	589	614
Parks and recreation.....	460	205	665	2,147
Library.....	-	1,238	1,238	1,089
Schools.....	115,567	13	115,580	91,058
County.....	73,138	14,324	87,462	83,974
Community development.....	68,293	733	69,026	60,875
Capital outlays.....	3,999	-	3,999	3,537
Debt service.....	4,321	-	4,321	22,549
Total expenditures.....	<u>289,608</u>	<u>28,096</u>	<u>317,704</u>	<u>299,845</u>
Excess (deficiency) of revenues over expenditures.....	<u>27,810</u>	<u>15,235</u>	<u>43,045</u>	<u>(10,280)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Section 108 Loans.....	-	-	-	1,790
Operating transfers out	-	-	-	(14,826)
Total other financing sources (uses).....	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,036)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	27,810	15,235	43,045	(23,316)
Fund balance, beginning of year.....	14,994	55,203	70,197	93,513
Fund balance, end of year.....	<u>\$ 42,804</u>	<u>\$ 70,438</u>	<u>\$ 113,242</u>	<u>\$ 70,197</u>



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CAPITAL PROJECT FUNDS

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bonds and from federal and state grants.

Bond Fund accounts for all activities founded from the sale of bonds.

Grant Fund accounts for capital expenditures funded through receipts from federal, state and local grants.

Sale of City Property Fund accounts for proceeds derived from the sale of City-owned properties.

Convention Center Fund accounts for debt proceeds and expenditures related to site acquisition and preparation costs for the Boston Convention and Exhibition Center. The debt service for these debt proceeds are accounted for in the debt service fund.

Lease Purchase Fund accounts for departmental equipment purchased through the lease purchase acquisition program.

Exhibit C-1

CAPITAL PROJECTS FUNDS

Combining Balance Sheet

June 30, 2001

(in thousands)

(with comparative totals for 2000)

	Bond Fund	Grant Fund	Lease Purchase	Sale of City Property	Convention Center	Totals 2001	2000
ASSETS							
Cash and investments.....	\$ 27,022	\$ 13,193	\$ 7,155	\$ 42,574	\$ 1,032	\$ 90,976	\$ 60,347
Intergovernmental receivables.....	-	-	-	-	-	-	309
Departmental & other receivables.....	-	-	-	-	-	-	315
Due from other funds.....	-	388	-	-	-	388	1,741
Total assets.....	\$ 27,022	\$ 13,581	\$ 7,155	\$ 42,574	\$ 1,032	\$ 91,364	\$ 62,712
LIABILITIES AND FUND BALANCE							
Liabilities:							
Warrants and accounts payable.....	\$ 1,099	\$ 939	\$ 3,694	\$ -	\$ -	\$ 5,732	\$ 7,266
Other accrued liabilities.....	1,788	-	-	-	-	1,788	1,788
Due to other funds.....	58,026	-	-	-	-	58,026	75,385
Due to component units.....	-	732	-	-	-	732	482
Total liabilities.....	60,913	1,671	3,694	-	-	66,278	84,921
Fund balance:							
Reserved for:							
Encumbrances and other.....	100,088	33,550	-	42,574	-	176,212	141,480
Unreserved:							
Undesignated.....	(133,979)	(21,640)	3,461	-	1,032	(151,126)	(163,689)
Total fund balance (deficit).....	(33,891)	11,910	3,461	42,574	1,032	25,086	(22,209)
Total liabilities and fund balance.....	\$ 27,022	\$ 13,581	\$ 7,155	\$ 42,574	\$ 1,032	\$ 91,364	\$ 62,712

Exhibit C-2

CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2001

(in thousands)

(with comparative totals for 2000)

	Bond Fund	Grant Fund	Lease Purchase	Sale of City Property	Convention Center	Totals 2001	2000
REVENUES:							
Local:							
Departmental and other.....	\$ -	\$ 14,921	\$ -	\$ 8,466	\$ 57	\$ 23,444	\$ 3,959
Total local revenues.....	-	14,921	-	8,466	57	23,444	3,959
Intergovernmental:							
Federal.....	-	1,787	-	-	-	1,787	1,760
Commonwealth of Massachusetts.....	-	25,879	-	-	23,966	49,845	8,060
Total intergovernmental revenues.....	-	27,666	-	-	23,966	51,632	9,820
Total revenues.....	-	42,587	-	8,466	24,023	75,076	13,779
EXPENDITURES:							
Capital outlays.....	128,348	22,656	12,805	-	21,666	185,475	255,991
Total expenditures.....	128,348	22,656	12,805	-	21,666	185,475	255,991
Deficiency of revenues over expenditures.....	(128,348)	19,931	(12,805)	8,466	2,357	(110,399)	(242,212)
OTHER FINANCING SOURCES (USES):							
Proceeds of debt and capital leases.....	197,025	-	12,694	-	-	209,719	145,330
Payment to escrow agent.....	(52,025)	-	-	-	-	(52,025)	-
Operating transfers in.....	-	-	-	-	-	-	76,855
Operating transfers out.....	-	-	-	-	-	-	(74,172)
Total other financing sources.....	145,000	-	12,694	-	-	157,694	148,013
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	16,652	19,931	(111)	8,466	2,357	47,295	(94,199)
Fund balance (deficit), beginning of year.....	(50,543)	(8,021)	3,572	34,108	(1,325)	(22,209)	71,990
Fund balance (deficit), end of year.....	\$ (33,891)	\$ 11,910	\$ 3,461	\$ 42,574	\$ 1,032	\$ 25,086	\$ (22,209)



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DEBT SERVICE FUND

Debt Service Fund is used to account for financial resources to be used for the payment of principal and interest on long-term debt issued to fund site acquisition and preparation costs for the Boston Convention and Exhibition Center.

Exhibit D-1**DEBT SERVICE FUND**
Comparative Balance Sheet
June 30, 2001 and 2000
(in thousands)

	<u>2001</u>	<u>2000</u>
ASSETS		
Cash and investments.....	\$ 52,873	\$ 37,630
Total assets.....	<u>\$ 52,873</u>	<u>\$ 37,630</u>
LIABILITIES AND FUND BALANCE		
Fund Balance:		
Reserved for debt service.....	\$ 52,873	\$ 37,630
Total fund balance.....	<u>52,873</u>	<u>37,630</u>
Total liabilities and fund balance.....	<u>\$ 52,873</u>	<u>\$ 37,630</u>

Exhibit D-2

DEBT SERVICE FUND
 Comparative Statement of Revenues,
 Expenditures and Changes in Fund Balance
 Years Ended June 30, 2001 and 2000
 (in thousands)

	<u>2001</u>	<u>2000</u>
REVENUES:		
Departmental and other.....	\$ 21,902	\$ 28,369
Total revenues.....	<u>21,902</u>	<u>28,369</u>
EXPENDITURES		
Debt service.....	<u>6,659</u>	<u>5,565</u>
Total expenditures.....	<u>6,659</u>	<u>5,565</u>
Excess of revenue over expenditures.....	<u>15,243</u>	<u>22,804</u>
OTHER FINANCING SOURCES:		
Operating transfers in.....	<u>-</u>	<u>14,826</u>
Total other financing sources.....	<u>-</u>	<u>14,826</u>
Excess of revenues and other financing sources over expenditures.....	15,243	37,630
Fund balance, beginning of year.....	37,630	-
Fund balance, end of year.....	<u>\$ 52,873</u>	<u>\$ 37,630</u>



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INTERNAL SERVICE FUND

Internal Service Fund accounts for the City's self insurance for health benefits provided by Blue Cross/Blue Shield for City employees, their dependents and retirees.

Exhibit E-1

INTERNAL SERVICE FUND

Comparative Balance Sheet

June 30, 2001 and 2000

(in thousands)

	<u>2001</u>	<u>2000</u>
ASSETS		
Cash and cash equivalents.....	\$ 7,714	\$ 4,044
Departmental and other receivables.....	49	101
Due from other funds.....	791	761
Other assets.....	1,776	1,193
Total assets.....	<u>\$ 10,330</u>	<u>\$ 6,099</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants and accounts payable.....	\$ 22	\$ -
Accrued judgments and claims.....	10,000	11,202
Total liabilities.....	<u>10,022</u>	<u>11,202</u>
Fund equity:		
Retained earnings.....	308	(5,103)
Total fund equity (deficit).....	<u>308</u>	<u>(5,103)</u>
Total liabilities and fund equity.....	<u>\$ 10,330</u>	<u>\$ 6,099</u>

Exhibit E-2

INTERNAL SERVICE FUND

Comparative Statement of Revenues, Expenses and Changes in Fund Equity
Year Ended June 30, 2001 and 2000
(in thousands)

	<u>2001</u>	<u>2000</u>
REVENUES:		
Employer contributions.....	\$ 47,660	\$ 45,629
Employee contributions.....	16,744	15,177
Miscellaneous.....	1,807	719
Total operating revenues.....	<u>66,211</u>	<u>61,525</u>
EXPENSES:		
Administrative and general.....	546	373
Health benefits.....	60,254	60,925
Total operating expenses.....	<u>60,800</u>	<u>61,298</u>
Operating income.....	5,411	227
Fund equity (deficit), beginning of year.....	<u>(5,103)</u>	<u>(5,330)</u>
Fund equity (deficit), end of year.....	<u>\$ 308</u>	<u>\$ (5,103)</u>

Exhibit E-3

INTERNAL SERVICE FUND
 Comparative Statement of Cash Flows
 Year Ended June 30, 2001 and 2000
 (in thousands)

	<u>2001</u>	<u>2000</u>
Cash Flows From Operating Activities:		
Operating income.....	\$ 5,411	\$ 227
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable.....	52	(101)
Other assets.....	(583)	(1,193)
Due to/from other funds.....	(30)	(7)
Accounts Payable.....	22	(698)
Other accrued liabilities.....	(1,202)	1,462
Net cash provided by operating activities.....	<u>3,670</u>	<u>(310)</u>
Cash and cash equivalents, beginning of year.....	4,044	4,354
Cash and cash equivalents, end of year.....	<u>\$ 7,714</u>	<u>\$ 4,044</u>

TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

State-Boston Retirement System is a defined benefit contributory retirement plan covering employees of the City of Boston and Suffolk County, Boston Public Health Commission, Boston Housing Authority, Boston Redevelopment Authority and the Boston Water and Sewer Commission. The system is subject to benefit provisions and financing requirements set forth primarily in Chapter 32 of the Massachusetts General Laws.

Boston Retirement System is the independent contributory plan system available exclusively to City of Boston employees who were employed prior to October 1, 1946.

NONEXPENDABLE TRUST FUNDS

Pool#1 is used for the maintenance and improvement of the City's parks and cemeteries and the erection and maintenance of statues and monuments for the use and enjoyment of City residents.

Pool#2 is used for scholarship awards, the purchase of educational equipment and the aid of needy students.

Pool#5 is formed by the will of George R. White dated May 21, 1920. The will requires that the Fund's income be used for the creation of public utility and beauty for the use and enjoyment of the inhabitants of the City.

Pool#7 is a co-mingled investment fund of various non-testamentary trust funds of the City of Boston. The non-expendable portion of the fund is composed of donations/contributions from either individuals or organizations. Donations/contributions are to be expended in conformity with their respective trust instruments.

EXPENDABLE TRUST FUNDS

Pool#1, Pool#2, Pool#5 account for the accumulated interest and dividends generated from the Nonexpendable Trust Funds awaiting expenditure or reinvestment of principal and income.

Pool#7 is a co-mingled investment fund of various non-testamentary trust funds of the City of Boston. The expendable portion of the fund is the investment income from the funds' respective non-expendable counterpart. Use of these funds is also to be used in compliance with the establishing trust instruments.

Law Enforcement Trust Fund accounts for proceeds from property seized from illegal drug related activities. Funds can be used to defray the costs of protracted investigations, to provide technical equipment or expertise and provide matching funds for federal grants.

Exhibit F-1

TRUST AND AGENCY FUNDS

Combining Balance Sheet

June 30, 2001

(in thousands)

(with comparative totals for 2000)

	Pension Trust Funds		
	State-Boston Retirement System	Boston Retirement System	Total Pension Trust Funds
ASSETS			
Cash and investments.....	\$ 3,127,824	\$ 64	\$ 3,127,888
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):			
Intergovernmental.....	18,342	-	18,342
Departmental and other.....	23,814	-	23,814
Total receivables.....	42,156	-	42,156
Due from other funds.....	63,044	72	63,116
Property, plant and equipment, net of accumulated depreciation.....	-	-	-
Total assets.....	\$ 3,233,024	\$ 136	\$ 3,233,160
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants and accounts payable.....	\$ 52,423	\$ -	\$ 52,423
Other accrued liabilities.....	2,074	-	2,074
Notes payable.....	-	-	-
Total liabilities.....	54,497	-	54,497
Fund Equity:			
Reserved for:			
Endowments.....	-	-	-
Employees pension benefits.....	3,178,527	136	3,178,663
Unreserved:			
Undesignated.....	-	-	-
Total fund equity.....	3,178,527	136	3,178,663
Total liabilities and fund equity.....	\$ 3,233,024	\$ 136	\$ 3,233,160

City of Boston, Massachusetts

Nonexpendable Trust Funds				Total Nonexpendable Trust Funds
Pool 1	Pool 2	Pool 5	Pool 7	
\$ 62,816	\$ 787	\$ 20,592	\$ 523	\$ 84,718
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
60	-	30	-	90
\$ <u>62,876</u>	\$ <u>787</u>	\$ <u>20,622</u>	\$ <u>523</u>	\$ <u>84,808</u>
\$ 124	\$ -	\$ 38	\$ -	\$ 162
-	-	-	-	-
-	-	-	-	-
<u>124</u>	<u>-</u>	<u>38</u>	<u>-</u>	<u>162</u>
62,752	787	20,584	523	84,646
-	-	-	-	-
-	-	-	-	-
<u>62,752</u>	<u>787</u>	<u>20,584</u>	<u>523</u>	<u>84,646</u>
\$ <u>62,876</u>	\$ <u>787</u>	\$ <u>20,622</u>	\$ <u>523</u>	\$ <u>84,808</u>

(continued)

City of Boston, Massachusetts

Exhibit F-1 (continued)

TRUST AND AGENCY FUNDS

Combining Balance Sheet

June 30, 2001

(in thousands)

(with comparative totals for 2000)

Expendable Trust Funds			
	Pool 1	Pool 2	Pool 5
ASSETS			
Cash and investments.....	\$ 8,305	\$ 352	\$ 4,929
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):			
Intergovernmental.....	-	-	-
Departmental and other.....	-	-	-
Total receivables.....	-	-	-
Due from other funds.....	-	-	-
Property, plant and equipment, net of accumulated depreciation.....	-	-	-
Total assets.....	<u>\$ 8,305</u>	<u>\$ 352</u>	<u>\$ 4,929</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants and accounts payable.....	\$ 426	\$ 33	\$ 409
Other accrued liabilities.....	27	-	-
Notes payable.....	-	-	-
Total liabilities.....	<u>453</u>	<u>33</u>	<u>409</u>
Fund Equity:			
Reserved for:			
Endowments.....	-	-	-
Employees pension benefits.....	-	-	-
Unreserved:			
Undesignated.....	7,852	319	4,520
Total fund equity.....	<u>7,852</u>	<u>319</u>	<u>4,520</u>
Total liabilities and fund equity.....	<u>\$ 8,305</u>	<u>\$ 352</u>	<u>\$ 4,929</u>

Expendable Trust Funds		
Pool 7	Law Enforcement Trust Fund	Total Expendable Trust Funds
\$ 25,060	\$ 4,299	\$ 42,945
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ 25,060	\$ 4,299	\$ 42,945
\$ 87	\$ -	\$ 955
-	-	27
170	-	170
257	-	1,152
-	-	-
-	-	-
24,803	4,299	41,793
24,803	4,299	41,793
\$ 25,060	\$ 4,299	\$ 42,945

(continued)

Exhibit F-1(continued)

TRUST AND AGENCY FUNDS

Combining Balance Sheet

June 30, 2001

(in thousands)

(with comparative totals for 2000)

	Totals	
	2001	2000
ASSETS		
Cash and investments.....	\$ 3,255,551	\$ 3,290,342
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):		
Intergovernmental.....	18,342	80,277
Departmental and other.....	23,814	132,045
Total receivables.....	42,156	212,322
Due from other funds.....	63,116	42
Property, plant and equipment, net of accumulated depreciation.....	90	90
Total assets.....	\$ 3,360,913	\$ 3,502,796
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants and accounts payable.....	\$ 53,540	\$ 136,267
Other accrued liabilities.....	2,101	2,806
Notes payable.....	170	366
Total liabilities.....	55,811	139,439
Fund Equity:		
Reserved for:		
Endowments.....	84,646	80,346
Employees pension benefits.....	3,178,663	3,234,816
Unreserved:		
Undesignated.....	41,793	48,195
Total fund equity.....	3,305,102	3,363,357
Total liabilities and fund equity.....	\$ 3,360,913	\$ 3,502,796

Exhibit F-2

PENSION TRUST FUNDS
Combining Statement of Plan Net Assets
June 30, 2001
(in thousands)
(with comparative totals for 2000)

	State-Boston Retirement System	Boston Retirement System	Totals	
			2001	2000
ASSETS				
Cash and short-term investments.....	\$ 175,181	\$ 64	\$ 175,245	\$ 123,976
Receivables:				
Intergovernmental.....	18,342	-	18,342	78,885
Departmental and other.....	23,814	-	23,814	131,499
Due from other funds.....	63,044	72	63,116	42
Total receivables.....	<u>105,200</u>	<u>72</u>	<u>105,272</u>	<u>210,426</u>
Investments:				
U.S. Government Obligations.....	54,248	-	54,248	52,498
U.S. Government Agency Obligations.....	91,203	-	91,203	42,505
Debt securities.....	492,772	-	492,772	511,297
Equity securities.....	2,018,840	-	2,018,840	2,201,892
Venture capital funds.....	52,595	-	52,595	25,488
Real estate funds.....	242,985	-	242,985	205,380
Total investments.....	<u>2,952,643</u>	<u>-</u>	<u>2,952,643</u>	<u>3,039,060</u>
 Total assets.....	 <u>\$ 3,233,024</u>	 <u>\$ 136</u>	 <u>\$ 3,233,160</u>	 <u>\$ 3,373,462</u>
LIABILITIES				
Liabilities:				
Warrants and accounts payable.....	\$ 52,423	\$ -	\$ 52,423	\$ 136,267
Other accrued liabilities.....	2,074	-	2,074	2,379
Total liabilities.....	<u>54,497</u>	<u>-</u>	<u>54,497</u>	<u>138,646</u>
 Net assets held in trust for pension benefits.....	 <u>\$ 3,178,527</u>	 <u>\$ 136</u>	 <u>\$ 3,178,663</u>	 <u>\$ 3,234,816</u>

Exhibit F-3

PENSION TRUST FUNDS

Combining Statement of Changes in Plan Net Assets

Year Ended June 30, 2001

(in thousands)

(with comparative totals for 2000)

	State-Boston Retirement System	Boston Retirement System	Totals	
			2001	2000
ADDITIONS:				
Contributions:				
Employer.....	\$ 144,941	\$ 30	\$ 144,971	\$ 147,599
Employee.....	84,776	-	84,776	72,654
Total contributions.....	229,717	30	229,747	220,253
Investment Income:				
Realized and unrealized (losses) gains on investments.....	(131,140)	-	(131,140)	400,413
Interest.....	70,966	6	70,972	57,228
	(60,174)	6	(60,168)	457,641
Intergovernmental.....	25,643	-	25,643	24,036
Total additions.....	195,186	36	195,222	701,930
DEDUCTIONS:				
Benefits.....	228,850	110	228,960	218,587
Refunds of contributions.....	20,552	-	20,552	18,820
Administrative expenses.....	1,863	-	1,863	1,894
Total deductions.....	251,265	110	251,375	239,301
Net (decrease) increase.....	(56,079)	(74)	(56,153)	462,629
Net assets held in trust for pension benefits:				
Beginning of year.....	3,234,606	210	3,234,816	2,772,187
End of year.....	\$ 3,178,527	\$ 136	\$ 3,178,663	\$ 3,234,816



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Exhibit F-4

EXPENDABLE TRUST FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2001

(in thousands)

(with comparative totals for 2000)

	Pool 1	Pool 2	Pool 5
REVENUES:			
Investment income.....	\$ 498	\$ 19	\$ 210
Departmental and other.....	91	-	508
Total revenues.....	<u>589</u>	<u>19</u>	<u>718</u>
EXPENDITURES:			
General government.....	309	7	94
Human services.....	-	-	-
Public works.....	-	-	1,365
Parks and recreation.....	4,803	-	-
Schools.....	-	66	-
Total expenditures.....	<u>5,112</u>	<u>73</u>	<u>1,459</u>
Excess (deficiency) of revenues over expenditures.....	(4,523)	(54)	(741)
OTHER FINANCING (USES) SOURCES:			
Operating transfers in.....	3,233	45	1,262
Operating transfers out.....	(11,800)	-	-
Total other financing (uses) sources.....	<u>(8,567)</u>	<u>45</u>	<u>1,262</u>
Excess (deficiency) of revenues over expenditures.....	(13,090)	(9)	521
Fund balance, beginning of year.....	<u>20,942</u>	<u>328</u>	<u>3,999</u>
Fund balance, end of year.....	<u>\$ 7,852</u>	<u>\$ 319</u>	<u>\$ 4,520</u>

City of Boston, Massachusetts

<u>Pool 7</u>	<u>Law Enforcement Trust Fund</u>	<u>Totals</u>	
		<u>2001</u>	<u>2000</u>
\$ (16)	\$ -	\$ 711	\$ 1,472
<u>14,653</u>	<u>7,000</u>	<u>22,252</u>	<u>20,981</u>
<u>14,637</u>	<u>7,000</u>	<u>22,963</u>	<u>22,453</u>
-	7,113	7,523	7,699
3,505	-	3,505	4,215
-	-	1,365	513
-	-	4,803	3,957
-	-	66	32
<u>3,505</u>	<u>7,113</u>	<u>17,262</u>	<u>16,416</u>
11,132	(113)	5,701	6,037
-	-	4,540	5,405
<u>(4,843)</u>	<u>-</u>	<u>(16,643)</u>	<u>(1,636)</u>
(4,843)	-	(12,103)	3,769
6,289	(113)	(6,402)	9,806
<u>18,514</u>	<u>4,412</u>	<u>48,195</u>	<u>38,389</u>
\$ <u><u>24,803</u></u>	\$ <u><u>4,299</u></u>	\$ <u><u>41,793</u></u>	\$ <u><u>48,195</u></u>

Exhibit F-5

NONEXPENDABLE TRUST FUNDS

Combining Statement of Revenues, Expenses and Changes in Fund Equity

Year Ended June 30, 2001

(in thousands)

(with comparative totals for 2000)

	Pool 1	Pool 2	Pool 5	Pool 7	Totals	
					2001	2000
REVENUES:						
Investment income.....	\$ 4,522	\$ 31	\$ 796	\$ 1,388	\$ 6,737	\$ 9,918
Realized and unrealized losses on investments.....	(5,933)	(6)	(1,824)	-	(7,763)	-
Departmental and other revenue.....	1,058	8	-	-	1,066	32
Total operating revenues.....	(353)	33	(1,028)	1,388	40	9,950
EXPENSES:						
Administrative and general.....	555	6	167	5,437	6,165	515
Total operating expenses.....	555	6	167	5,437	6,165	515
Operating (loss) income.....	(908)	27	(1,195)	(4,049)	(6,125)	9,435
OTHER FINANCING SOURCES (USES):						
Operating transfers in.....	12,400	-	-	4,065	16,465	-
Operating transfers out.....	(4,733)	(45)	(1,262)	-	(6,040)	(5,405)
Total other financing sources (uses).....	7,667	(45)	(1,262)	4,065	10,425	(5,405)
Net income.....	6,759	(18)	(2,457)	16	4,300	4,030
Fund equity, beginning of year.....	55,993	805	23,041	507	80,346	76,316
Fund equity, end of year.....	\$ 62,752	\$ 787	\$ 20,584	\$ 523	\$ 84,646	\$ 80,346

Exhibit F-6

NONEXPENDABLE TRUST FUNDS
Combining Statement of Cash Flows
Year Ended June 30, 2001
(in thousands)

	Pool 1	Pool 2	Pool 5	Pool 7	Totals	
					2001	2000
Cash flows from operating activities:						
Operating (loss) income.....	\$ (908)	\$ 27	\$ (1,195)	\$ (4,049)	\$ (6,125)	\$ 9,435
Adjustments to reconcile operating income to net cash (used) provided by operating activities:						
Reclassification of investment income.....	(4,522)	(31)	(796)	(1,388)	(6,737)	(9,918)
Change in accounts receivable/payable.....	-	-	58	-	58	-
Net cash used by operating activities.....	<u>(5,430)</u>	<u>(4)</u>	<u>(1,933)</u>	<u>(5,437)</u>	<u>(12,804)</u>	<u>(483)</u>
Cash flows from noncapital financing activities:						
Operating transfers in (out).....	7,667	(45)	(1,262)	4,065	10,425	(5,405)
Net cash provided (used) by noncapital financing activities.....	<u>7,667</u>	<u>(45)</u>	<u>(1,262)</u>	<u>4,065</u>	<u>10,425</u>	<u>(5,405)</u>
Cash Flows From Investing Activities:						
Purchase of investment securities.....	(6,759)	-	2,556	-	(4,203)	(4,053)
Investment income.....	4,522	31	796	1,388	6,737	9,918
Net cash provided by investing activities.....	<u>(2,237)</u>	<u>31</u>	<u>3,352</u>	<u>1,388</u>	<u>2,534</u>	<u>5,865</u>
Increase (decrease) in cash and cash equivalents.....	-	(18)	157	16	155	(23)
Cash and cash equivalents, beginning of year.....	-	(31)	530	-	499	522
Cash and cash equivalents, end of year.....	-	(49)	687	16	654	499
Investments, end of year.....	62,816	836	19,905	507	84,064	79,757
Total cash and investments, end of year.....	<u>\$ 62,816</u>	<u>\$ 787</u>	<u>\$ 20,592</u>	<u>\$ 523</u>	<u>\$ 84,718</u>	<u>\$ 80,256</u>



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DISCRETELY PRESENTED COMPONENT UNITS

Discretely Presented Component Units are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body with certain exceptions, and either (a) the ability to impose will by the primary government, or (b) the potential for the organization to provide financial benefits to, or impose financial burden on the primary government.

Boston Public Health Commission is an independent body politic and corporate and political subdivision of the Commonwealth, whose purpose is to implement public health programs in the City and serves as the Board of Health for the City. The Commission is also responsible for the City's homeless shelter program, for the development of public health initiatives and for emergency ambulance service in the City.

Trustees of the Boston Public Library is an endowment whose income is restricted to donor – designated purposes or to the general purposes of the Boston Public Library.

Boston Redevelopment Authority is a public body politic and corporate constituting the City's redevelopment authority and exercising the powers of a planning board for the City and, within the City, assuming certain powers of the state Department of Community Affairs.

Economic Development Industrial Corporation is a quasi – public agency of the City of Boston and instrumentality of the Commonwealth, whose purpose is to create and retain industrial companies and jobs through economic development, industrial real estate management, financing and job training.

Exhibit G-1

DISCRETELY PRESENTED COMPONENT UNITS

Combining Balance Sheet

June 30, 2001

(in thousands)

(with comparative totals for 2000)

	Public Health Commission	Trustees of the Public Library
ASSETS		
Cash and investments.....	\$ 46,654	\$ 60,973
Restricted cash and investments.....	4,325	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):		
Intergovernmental.....	-	2,085
Departmental and other.....	3,214	217
Total receivables.....	<u>3,214</u>	<u>2,302</u>
Due from other funds.....	-	860
Due from primary government.....	732	-
Due from BMC.....	150,204	-
Other assets.....	1,080	-
Property, plant and equipment, net of accumulated depreciation.....	30,147	922
Amount to be provided for the retirement of long-term debt.....	159,780	-
Total assets.....	<u>\$ 396,136</u>	<u>\$ 65,057</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants and accounts payable.....	\$ 8,554	\$ 1,866
Accrued liabilities:		
Sick and vacation.....	-	-
Other.....	9,834	-
Due to other funds.....	-	860
Due to BMC.....	28,277	-
Due to primary government.....	156,832	368
Deferred revenue.....	154,533	-
Bonds and notes payable.....	-	-
Total liabilities.....	<u>358,030</u>	<u>3,094</u>
Fund equity:		
Investment in general fixed assets.....	30,147	922
Retained earnings.....	-	-
Fund balances:		
Reserved for endowments.....	-	40,037
Reserved for encumbrances and other.....	1,775	-
Unreserved:		
Designated for subsequent year expenditures.....	5,170	15,086
Undesignated.....	1,014	5,918
Total fund balances.....	<u>7,959</u>	<u>61,041</u>
Total fund equity.....	<u>38,106</u>	<u>61,963</u>
Total liabilities and fund equity.....	<u>\$ 396,136</u>	<u>\$ 65,057</u>

City of Boston, Massachusetts

Boston Redevelopment Authority	Economic Development Industrial Corporation	Totals	
		2001	2000
\$ 27,168	\$ 13,273	\$ 148,068	\$ 126,183
1,568	7,109	13,002	20,651
985	9,979	13,049	15,623
87,500	10,649	101,580	104,956
88,485	20,628	114,629	120,579
289	-	1,149	4,408
-	-	732	482
-	-	150,204	158,115
-	375	1,455	1,419
1,245	23,221	55,535	51,566
2,918	-	162,698	172,068
\$ 121,673	\$ 64,606	\$ 647,472	\$ 655,471
\$ 71,596	\$ 6,146	\$ 88,162	\$ 82,825
1,442	-	1,442	1,259
5,627	2,762	18,223	17,367
289	-	1,149	4,408
-	-	28,277	20,858
-	-	157,200	163,859
30,761	9,797	195,091	204,853
1,475	21,062	22,537	32,334
111,190	39,767	512,081	527,763
1,245	-	32,314	28,191
-	24,839	24,839	21,561
-	-	40,037	39,412
-	-	1,775	22,295
700	-	20,956	3,601
8,538	-	15,470	12,648
9,238	-	78,238	77,956
10,483	24,839	135,391	127,708
\$ 121,673	\$ 64,606	\$ 647,472	\$ 655,471

Exhibit G-2

DISCRETELY PRESENTED COMPONENT UNITS
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2001
(in thousands)
(with comparative totals for 2000)

	Boston Redevelopment Authority	Public Health Commission	Totals	2001	2000
REVENUES:					
Local:					
Investment income.....	\$ 369	\$ 2,642	\$ 3,011	\$ 3,011	\$ 2,166
Departmental and other revenue.....	14,928	24,472	39,400	39,400	34,143
Total local revenues.....	15,297	27,114	42,411	42,411	36,309
Intergovernmental:					
Federal.....	26,051	38,232	64,283	64,283	32,416
Local.....	-	-	-	-	113,008
Total intergovernmental revenues.....	26,051	38,232	64,283	64,283	145,424
Total revenues.....	41,348	65,346	106,694	106,694	181,733
EXPENDITURES:					
Current operations:					
General government.....	10,457	14,807	25,264	25,264	22,064
Property and development.....	1,100	-	1,100	1,100	-
Public health programs.....	-	71,932	71,932	71,932	63,748
Other employee benefits.....	2,140	-	2,140	2,140	2,047
Community development.....	26,426	-	26,426	26,426	111,889
Assistance grants to BMC.....	-	12,000	12,000	12,000	10,000
Subsidies to BMC and EMS.....	-	8,584	8,584	8,584	7,810
Capital outlays.....	182	1,841	2,023	2,023	2,918
Debt service.....	-	2,290	2,290	2,290	824
Total expenditures.....	40,305	111,454	151,759	151,759	221,300
Excess of revenues over expenditures.....	1,043	(46,108)	(45,065)	(45,065)	(39,567)
OTHER FINANCING SOURCES (USES):					
Proceeds of debt and capital leases.....	-	-	-	-	4,475
Transfers from primary government.....	-	62,476	62,476	62,476	58,213
Transfers to primary government.....	-	(17,706)	(17,706)	(17,706)	(18,026)
Total other financing sources.....	-	44,770	44,770	44,770	44,662
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,043	(1,338)	(295)	(295)	5,095
Fund balance, beginning of year.....	8,195	9,297	17,492	17,492	12,397
Fund balance, end of year.....	\$ 9,238	\$ 7,959	\$ 17,197	\$ 17,197	\$ 17,492



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Exhibit G-3

DISCRETELY PRESENTED COMPONENT UNITS
Combining Statement of Revenues, Expenses and Changes in Fund Equity
Year Ended June 30, 2001
(in thousands)
(with comparative totals for 2000)

	Trustees of the Public Library
REVENUES:	
Investment income.....	\$ 5,256
Net (decrease) increase in the fair value of investments.....	(3,088)
Contributions and donations.....	12,629
Rental income.....	-
Miscellaneous.....	650
Total operating revenues.....	<u>15,447</u>
EXPENSES:	
Salaries and wages.....	3,693
Professional fees.....	-
Administrative and general.....	4,641
Materials, supplies and equipment.....	4,239
Depreciation.....	-
Bad debts.....	306
Capital outlays.....	1,991
Subsidies for community services, special programs and real estate operations.....	<u>-</u>
Total operating expenses.....	<u>14,870</u>
Operating income (loss).....	<u>577</u>
Nonoperating revenues and expenses:	
Grant income.....	-
Interest income.....	-
Interest expense.....	-
Total nonoperating revenue.....	<u>-</u>
 Net Income.....	 577
 Fund equity, beginning of year.....	 60,464
Prior period adjustment.....	-
Fund equity, end of year.....	<u>\$ 61,041</u>

Economic Development Industrial Corporation	Totals	
	2001	2000
\$ -	\$ 5,256	\$ 4,482
-	(3,088)	189
-	12,629	18,137
11,344	11,344	10,034
836	1,486	1,492
<u>12,180</u>	<u>27,627</u>	<u>34,334</u>
9,557	13,250	11,525
867	867	553
2,653	7,294	7,008
174	4,413	4,611
895	895	896
240	546	183
-	1,991	3,522
<u>11,333</u>	<u>11,333</u>	<u>13,938</u>
<u>25,719</u>	<u>40,589</u>	<u>42,236</u>
<u>(13,539)</u>	<u>(12,962)</u>	<u>(7,902)</u>
16,218	16,218	20,557
1,753	1,753	1,435
<u>(1,154)</u>	<u>(1,154)</u>	<u>(934)</u>
<u>16,817</u>	<u>16,817</u>	<u>21,058</u>
3,278	3,855	13,156
21,561	82,025	68,088
-	-	781
<u>\$ 24,839</u>	<u>\$ 85,880</u>	<u>\$ 82,025</u>

Exhibit G-4

DISCRETELY PRESENTED COMPONENT UNITS

Combining Statement of Cash Flows

Year Ended June 30, 2001

(in thousands)

(with comparative totals for 2000)

	Trustees of the Public Library
Cash Flows From Operating Activities:	
Operating income (loss).....	\$ 577
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Reclassification of investment income.....	(5,256)
Depreciation and amortization.....	-
Net decrease (increase) in fair value of investments	3,088
Provision for bad debt.....	-
Changes in operating assets and liabilities:	
Departmental and other receivables.....	121
Intergovernmental receivables.....	(852)
Other assets.....	-
Due to primary government.....	(70)
Accounts payable.....	1,068
Other accrued liabilities.....	-
Deferred revenue.....	-
Net cash used by operating activities.....	(1,324)
Cash Flows From Noncapital Financing Activities:	
Advances from grantors.....	-
Net cash provided by noncapital financing activities.....	-
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets.....	-
Interest paid on debt.....	-
Issuance of debt.....	-
Repayment of long-term debt.....	-
Net cash (used) provided by capital and related financing activities.....	-
Cash Flows From Investing Activities:	
Purchase of investment securities.....	(6,306)
Proceeds from sale of investment securities.....	-
Investment income.....	5,256
Net cash provided (used) by investing activities.....	(1,050)
Increase (decrease) in cash and cash equivalents.....	(2,374)
Cash and cash equivalents, beginning of year.....	16,421
Cash and cash equivalents, end of year.....	14,047
Investments, end of year.....	46,926
Total cash and investments, end of year.....	\$ 60,973

City of Boston, Massachusetts

Economic Development Industrial Corporation	Totals	
	2001	2000
\$ (13,539)	\$ (12,962)	\$ (7,902)
-	(5,256)	(4,482)
895	895	896
-	3,088	(189)
240	240	183
310	431	180
(995)	(1,847)	730
(13)	(13)	(46)
-	(70)	(2,358)
(816)	252	(27)
342	342	(620)
50	50	(1,946)
<u>(13,526)</u>	<u>(14,850)</u>	<u>(15,581)</u>
16,218	16,218	20,557
<u>16,218</u>	<u>16,218</u>	<u>20,557</u>
(675)	(675)	(499)
(1,014)	(1,014)	(934)
-	-	12,420
<u>(9,388)</u>	<u>(9,388)</u>	<u>(755)</u>
<u>(11,077)</u>	<u>(11,077)</u>	<u>10,232</u>
(2,237)	(8,543)	(15,199)
8,512	8,512	8,739
1,753	7,009	5,917
<u>8,028</u>	<u>6,978</u>	<u>(543)</u>
(357)	(2,731)	14,665
11,393	27,814	13,149
<u>11,036</u>	<u>25,083</u>	<u>27,814</u>
2,237	49,163	45,258
<u>\$ 13,273</u>	<u>\$ 74,246</u>	<u>\$ 73,072</u>



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GENERAL FIXED ASSETS ACCOUNT GROUP

This account group is used to account for the fixed assets owned by the City, exclusive of infrastructure and those relating to proprietary fund operations. Assets were recorded at cost or at amounts considered by management to represent estimated historical cost. In accordance with generally accepted accounting principles for governmental units, depreciation is not required to be recorded on general fixed assets.

Exhibit H-1

Schedule of General Fixed Assets by Source

June 30, 2001 and 2000

(in thousands)

	<u>2001</u>	<u>2000</u>
General fixed assets:		
Land and Buildings..... \$	645,188	\$ 623,780
Furniture and Fixtures.....	548	35,953
Vehicles and Maintenance Equipment.....	101,260	93,847
Machinery and Equipment.....	43,072	94,108
Total general fixed assets..... \$	<u>790,068</u>	<u>\$ 847,688</u>

Investment in general fixed assets from:

Acquisitions on or prior to June 30, 1993 ⁽¹⁾ \$	423,038	\$ 525,900
General Fund.....	108,846	102,106
Special Revenue Fund.....	15,254	11,255
Capital Projects Fund.....	146,988	124,609
Capital Lease Obligations.....	95,942	83,818
Total investment in general fixed assets..... \$	<u>790,068</u>	<u>\$ 847,688</u>

(1) It is not practicable to determine the historical sources of general fixed assets acquired prior to June 30, 1993.

Exhibit H-2

Schedule of General Fixed Assets by Function and Activity

June 30, 2001

(in thousands)

Function and Activity	Land and Buildings	Furniture and Fixtures	Vehicles and Maintenance Equipment	Machinery and Equipment	Total
GENERAL GOVERNMENT					
Mayor's Office..... \$	- \$	- \$	55 \$	143 \$	198
City Council.....	-	42	-	292	334
Consumer Affairs and Licensing.....	-	-	-	19	19
Office of Community Partnerships.....	-	-	37	20	57
Election Department.....	-	-	156	62	218
Boston 2-6.....	-	-	-	21	21
Auditing Department.....	-	-	-	592	592
Assessing Department.....	-	-	226	338	564
Treasury Department.....	-	-	-	297	297
Office of Budget Management.....	-	-	5	718	723
Office of Civil Rights.....	-	-	-	29	29
Human Resources.....	-	-	-	329	329
Purchasing Division.....	-	-	-	334	334
Office of Chief Operating Officer.....	-	-	17	71	88
Graphic Arts.....	-	-	18	569	587
Office of Labor Relations.....	-	-	1	52	53
Health Insurance Division.....	-	-	-	35	35
Management Information System.....	-	-	51	1,129	1,180
Intergovernmental Relations.....	-	-	-	17	17
Law Department.....	-	-	19	274	293
Environment Department.....	-	-	-	25	25
Worker's Compensation Division.....	-	-	-	5	5
Minority/Women's Business Enterprise.....	-	-	-	18	18
Office of New Bostonians.....	-	-	-	27	27
City Clerk.....	-	-	-	104	104
Registry Division.....	-	-	-	35	35
Finance Commission.....	-	-	-	29	29
Fair Housing Commission.....	-	-	-	212	212
Emergency Shelter Commission.....	-	-	-	19	19
Taxpayer Referral.....	-	-	-	34	34
Women's Commission.....	-	-	-	28	28
Press Office.....	-	-	22	57	79
Neighborhood Services.....	-	-	28	64	92
Office of Special Events & Tourism.....	-	-	29	46	75
Business and Cultural Development.....	-	-	-	43	43
Total General Government.....	-	42	664	6,087	6,793

(continued)

Exhibit H-2 (continued)

Schedule of General Fixed Assets by Function and Activity

June 30, 2001

(in thousands)

Function and Activity	Land and Buildings	Furniture and Fixtures	Vehicles and Maintenance Equipment	Machinery and Equipment	Total
HUMAN SERVICES					
Rent Equity Board.....	\$ -	\$ -	\$ -	\$ 39	\$ 39
Elderly Commission.....	-	-	1,075	74	1,149
Veterans Services Department.....	-	-	-	59	59
Total Human Services.....	-	-	1,075	172	1,247
PUBLIC SAFETY					
Police Department.....	81,256	13	24,163	5,813	111,245
Fire Department.....	24,842	-	25,196	1,106	51,144
Transportation - Traffic Division.....	-	25	3,115	173	3,313
Transportation - Parking Clerk.....	-	-	-	377	377
Transportation Central Artery Tunnel.....	-	-	686	137	823
Licensing Board.....	-	-	-	121	121
Inspectional Services Department.....	-	-	691	234	925
Youth Fund.....	-	-	104	43	147
Total Public Safety.....	106,098	38	53,955	8,004	168,095
PUBLIC WORKS					
Public Works Department.....	5,806	-	10,779	528	17,113
PROPERTY AND DEVELOPMENT					
Property and Development.....	49,684	7	2,832	1,658	54,181
PARKS AND RECREATION					
Parks and Recreation Department.....	3,715	-	4,287	765	8,767
LIBRARY					
Library Department.....	25,588	37	62	2,083	27,770
SCHOOLS					
General School Purposes.....	454,297	353	25,550	22,685	502,885
COUNTY					
Suffolk County Jails.....	-	45	1,113	408	1,566
Suffolk County House of Corrections.....	-	26	943	682	1,651
Total County.....	-	71	2,056	1,090	3,217
Total General Fixed Assets.....	\$ 645,188	\$ 548	\$ 101,260	\$ 43,072	\$ 790,068

Exhibit H-3

Schedule of Changes in General Fixed Assets by Function and Activity
Year Ended June 30, 2001
(in thousands)

Function and Activity	General Fixed Assets July 1, 2000	Additions	Deletions	General Fixed Assets June 30, 2001
GENERAL GOVERNMENT				
Mayor's Office.....	\$ 551	\$ 11	\$ 364	\$ 198
City Council.....	370	64	100	334
Consumer Affairs and Licensing.....	49	5	35	19
Office of Community Partnerships.....	120	-	63	57
Election Department.....	5,733	35	5,550	218
Boston 2-6 Program.....	28	-	7	21
Auditing Department.....	538	273	219	592
Assessing Department.....	768	92	296	564
Treasury Department.....	658	14	375	297
Office of Budget Management.....	289	606	172	723
Office of Civil Rights.....	2,476	-	2,447	29
Human Resources.....	229	199	99	329
Purchasing Division.....	439	102	207	334
Office of Chief Operating Officer.....	73	28	13	88
Graphic Arts.....	953	7	373	587
Office of Labor Relations.....	84	2	33	53
Health Insurance Division.....	63	2	30	35
Management Information System.....	7,783	143	6,746	1,180
Intergovernmental Relations.....	39	-	22	17
Law Department.....	347	52	106	293
Environment Department.....	156	-	131	25
Worker's Compensation Division.....	132	-	127	5
Minority/Women's Business Enterprise.....	92	-	74	18
Office of New Bostonians.....	36	2	11	27
City Clerk.....	149	21	66	104
Registry Division.....	72	12	49	35
Finance Commission.....	23	17	11	29
Fair Housing Commission.....	151	108	47	212
Emergency Shelter Commission.....	30	8	19	19
Taxpayer Referral.....	43	-	9	34
Women's Commission.....	26	16	14	28
Press Office.....	80	24	25	79
Neighborhood Services.....	137	-	45	92
Office of Special Events/Tourism.....	70	42	37	75
Business and Cultural Development	67	30	54	43
Total General Government.....	22,854	1,915	17,976	6,793
				(continued)

Exhibit H-3 (continued)

Schedule of Changes in General Fixed Assets by Function and Activity
Year Ended June 30, 2001
(in thousands)

Function and Activity	General Fixed Assets July 1, 2000	Additions	Deletions	General Fixed Assets June 30, 2001
HUMAN SERVICES				
Rent Equity Board.....	111	-	72	39
Elderly Commission.....	1,199	78	128	1,149
Veterans Services Department.....	108	47	96	59
Total Human Services.....	<u>1,418</u>	<u>125</u>	<u>296</u>	<u>1,247</u>
PUBLIC SAFETY				
Police Department.....	114,696	12,317	15,768	111,245
Fire Department.....	54,143	2,017	5,016	51,144
Transportation - Traffic Division.....	3,768	162	617	3,313
Transportation - Parking Clerk.....	443	31	97	377
Transportation Central Artery Tunnel.....	794	48	19	823
Licensing Board.....	69	85	33	121
Inspectional Services Department.....	2,169	19	1,263	925
Youth Fund.....	160	2	15	147
Total Public Safety.....	<u>176,242</u>	<u>14,681</u>	<u>22,828</u>	<u>168,095</u>
PUBLIC WORKS				
Public Works Department.....	<u>18,047</u>	<u>1,596</u>	<u>2,530</u>	<u>17,113</u>
PROPERTY AND DEVELOPMENT				
Property and Development.....	<u>57,184</u>	<u>2,913</u>	<u>5,916</u>	<u>54,181</u>
PARKS AND RECREATION				
Parks and Recreation Department.....	<u>8,528</u>	<u>997</u>	<u>758</u>	<u>8,767</u>
LIBRARY				
Library Department.....	<u>23,783</u>	<u>6,628</u>	<u>2,641</u>	<u>27,770</u>
SCHOOLS				
General School Purposes.....	<u>533,936</u>	<u>15,736</u>	<u>46,787</u>	<u>502,885</u>
COUNTY				
Suffolk County Jail.....	2,413	122	969	1,566
Suffolk County - House of Corrections.....	3,283	529	2,161	1,651
Total County.....	<u>5,696</u>	<u>651</u>	<u>3,130</u>	<u>3,217</u>
Total General Fixed Assets.....	<u>\$ 847,688</u>	<u>\$ 45,242</u>	<u>\$ 102,862</u>	<u>\$ 790,068</u>

STATISTICAL SECTION

Includes ten-year data for revenues, expenditures, taxes, debt ratios and certain supplemental statistical information.



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STATISTICAL INFORMATION

Table-1

General Government Expenditures by Function (GAAP Basis) ⁽¹⁾
Last Ten Fiscal Years
(in thousands)

<u>Function</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
General Government	\$ 67,913	\$ 65,132	\$ 54,283	\$ 43,850	\$ 55,358
% of Total	4.2	4.2	3.7	3.3	4.3
% Change	4.3	20.0	23.8	(20.8)	25.6
Public Safety	\$ 373,362	\$ 358,855	\$ 353,118	\$ 322,190	\$ 292,935
% of Total	23.3	23.4	24.2	23.9	22.6
% Change	4.0	1.6	9.6	10.0	5.0
Public Works	\$ 77,241	\$ 69,689	\$ 70,019	\$ 60,163	\$ 55,843
% of Total	4.8	4.5	4.8	4.5	4.3
% Change	10.8	(0.5)	16.4	7.7	(8.0)
Libraries	\$ 30,360	\$ 27,792	\$ 27,441	\$ 24,468	\$ 24,014
% of Total	1.9	1.8	1.9	1.8	1.8
% Change	9.2	1.3	12.2	1.9	2.6
Schools	\$ 611,368	\$ 578,583	\$ 537,585	\$ 505,795	\$ 478,659
% of Total	38.1	37.7	36.8	37.5	36.9
% Change	5.7	7.6	6.3	5.7	5.5
Retirement Cost	\$ 84,970	\$ 96,019	\$ 83,341	\$ 75,382	\$ 72,299
% of Total	5.3	6.2	5.7	5.6	5.6
% Change	(11.5)	15.2	10.6	4.3	6.2
Employee Benefits	\$ 90,501	\$ 86,221	\$ 84,493	\$ 76,279	\$ 75,693
% of Total	5.6	5.6	5.8	5.7	5.8
% Change	5.0	2.0	10.8	0.8	11.3
State & District Assessments	\$ 66,788	\$ 66,995	\$ 65,569	\$ 64,187	\$ 62,457
% of Total	4.2	4.4	4.5	4.8	4.8
% Change	(0.3)	2.2	2.2	2.8	1.4
County	\$ 6,030	\$ 5,861	\$ 7,362	\$ 8,267	\$ 7,657
% of Total	0.4	0.4	0.5	0.6	0.6
% Change	2.9	(20.4)	(10.9)	8.0	(20.2)
Property & Development	\$ 41,300	\$ 35,230	\$ 31,805	\$ 31,934	\$ 30,519
% of Total	2.6	2.3	2.2	2.4	2.4
% Change	17.2	10.8	(0.4)	4.6	16.9
Other ⁽²⁾	\$ 154,056	\$ 145,881	\$ 144,534	\$ 133,259	\$ 141,970
% of Total	9.6	9.5	9.9	9.9	10.9
% Change	5.6	0.9	8.5	(6.1)	0.2
Total Expenditures	\$ 1,603,889	\$ 1,536,258	\$ 1,459,550	\$ 1,345,774	\$ 1,297,404
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	4.4	5.3	8.5	3.7	5.0

(1) Includes General Fund expenditures only. Operating Transfers Out have been excluded from all years.

(2) Includes: Parks, Human Services, Judgments and Claims, Operating Subsidy to Department of Health and Hospitals, Capital Outlays and Debt Service.

(3) The 1995 increase of 18.3% is mainly due to the restatement of Operating Subsidy to Department of Health and Hospitals from Other Financing Sources to Expenditures.

City of Boston, Massachusetts

	<u>1996</u>		<u>1995</u>		<u>1994</u>		<u>1993</u>		<u>1992</u>		<u>Function</u>
\$	44,060	\$	35,342	\$	35,595	\$	35,886	\$	38,825		General Government
	3.6		2.9		3.5		3.7		3.8		% of Total
	24.7		(0.7)		(0.8)		(7.6)		(12.0)		% Change
\$	279,098	\$	269,189	\$	252,668	\$	235,421	\$	238,625		Public Safety
	22.5		22.3		24.7		24.0		23.6		% of Total
	3.7		6.5		7.3		(1.3)		1.4		% Change
\$	60,700	\$	52,466	\$	59,481	\$	53,864	\$	52,862		Public Works
	4.9		4.3		5.8		5.5		5.2		% of Total
	15.7		(11.8)		10.4		1.9		(17.7)		% Change
\$	23,412	\$	22,276	\$	21,436	\$	21,028	\$	20,567		Libraries
	1.9		1.8		2.1		2.1		2.0		% of Total
	5.1		3.9		1.9		2.2		(5.7)		% Change
\$	453,572	\$	422,359	\$	405,372	\$	370,832	\$	387,438		Schools
	36.7		34.9		39.6		37.8		38.2		% of Total
	7.4		4.2		9.3		(4.3)		(2.2)		% Change
\$	68,068	\$	68,230	\$	59,502	\$	81,499	\$	74,921		Retirement Cost
	5.5		5.6		5.8		8.3		7.4		% of Total
	(0.2)		14.7		(27.0)		8.8		(5.2)		% Change
\$	67,989	\$	66,348	\$	71,175	\$	68,216	\$	66,366		Employee Benefits
	5.5		5.5		7.0		7.0		6.6		% of Total
	2.5		(6.8)		4.3		2.8		0.8		% Change
\$	61,600	\$	60,080	\$	58,272	\$	55,163	\$	52,407		State & District Assessments
	5.0		5.0		5.7		5.6		5.2		% of Total
	2.5		3.1		5.6		5.3		2.1		% Change
\$	9,592	\$	14,521	\$	10,511	\$	11,096	\$	31,673		County
	0.8		1.2		1.0		1.1		3.1		% of Total
	(33.9)		38.2		(5.3)		(65.0)		3.1		% Change
\$	26,103	\$	23,087	\$	21,528	\$	21,543	\$	22,102		Property & Development
	2.1		1.9		2.1		2.2		2.2		% of Total
	13.1		7.2		(0.1)		(2.5)		(14.0)		% Change
\$	141,728	\$	175,948	\$	27,403	\$	26,696	\$	27,765		Other ⁽²⁾
	11.5		14.6		2.7		2.7		2.7		% of Total
	(19.4)		542.1		2.6		(3.9)		(10.9)		% Change
\$	1,235,922	\$	1,209,846	\$	1,022,943	\$	981,244	\$	1,013,551		Total Expenditures
	100.0		100.0		100.0		100.0		100.0		% of Total
	2.2		18.3 ⁽³⁾		4.2		(3.2)		(3.1)		% Change

Table-2

General Government Revenues by Source (GAAP Basis) ⁽¹⁾
Last Ten Fiscal Years
(in thousands)

Source	2001	2000	1999	1998	1997
Property Taxes	\$ 874,868	\$ 869,295	\$ 792,569	\$ 754,561	\$ 720,577
% of Total	51.7	53.6	51.9	52.8	53.4
% Change	0.6	9.7	5.0	4.7	4.8
Motor Vehicle Excises	\$ 41,822	\$ 36,700	\$ 33,095	\$ 32,341	\$ 30,276
% of Total	2.5	2.3	2.2	2.3	2.2
% Change	14.0	10.9	2.3	6.8	9.5
Other Excises ⁽²⁾	\$ 30,823	\$ 31,956	\$ 35,143	\$ 34,900	\$ 33,263
% of Total	1.8	2.0	2.3	2.4	2.5
% Change	(3.5)	(9.1)	0.7	4.9	12.0
Departmental & Other	\$ 58,306	\$ 45,490	\$ 56,415	\$ 50,241	\$ 47,968
% of Total	3.4	2.8	3.7	3.5	3.6
% Change	28.2	(19.4)	12.3	4.7	12.3
State Distributions	\$ 493,278	\$ 475,813	\$ 456,958	\$ 414,778	\$ 380,440
% of Total	29.1	29.3	29.9	29.0	28.2
% Change	3.7	4.1	10.2	9.0	5.7
Payment in Lien of Taxes	\$ 72,720	\$ 56,423	\$ 63,022	\$ 56,224	\$ 52,337
% of Total	4.3	3.5	4.1	3.9	3.9
% Change	28.9	(10.5)	12.1	7.4	5.6
Fines	\$ 57,840	\$ 57,709	\$ 47,693	\$ 46,292	\$ 48,798
% of Total	3.4	3.5	3.1	3.2	3.6
% Change	0.2	21.0	3.0	(5.1)	3.0
Investment Income	\$ 26,289	\$ 19,255	\$ 17,884	\$ 18,526	\$ 16,588
% of Total	1.6	1.2	1.2	1.3	1.2
% Change	36.5	7.7	(3.5)	11.7	(27.6)
Licenses & Permits	\$ 36,795	\$ 28,892	\$ 24,010	\$ 21,833	\$ 19,009
% of Total	2.2	1.8	1.6	1.6	1.4
% Change	27.4	20.3	10.0	14.9	(4.8)
Total Revenues	\$ 1,692,741	\$ 1,621,533	\$ 1,526,789	\$ 1,429,696	\$ 1,349,256
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	4.4	6.2	6.8	6.0	4.8

(1) Includes only revenues recorded in the General Fund. Operating Transfers In have been excluded from all years.

(2) Other excise taxes are comprised of Hotel/Motel and Aircraft Fuel excises taxes.

City of Boston, Massachusetts

<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>Source</u>
\$ 687,404	\$ 654,830	\$ 612,460	\$ 586,532	\$ 564,165	Property Taxes
53.4	53.8	53.2	53.0	51.1	% of Total
5.0	6.9	4.4	4.0	6.4	% Change
\$ 27,641	\$ 24,476	\$ 21,704	\$ 30,146	\$ 18,972	Motor Vehicle Excises
2.2	2.0	1.9	2.7	1.7	% of Total
12.9	12.8	(28.0)	58.9	(0.3)	% Change
\$ 29,698	\$ 28,297	\$ 27,607	\$ 25,451	\$ 24,516	Other Excises ⁽²⁾
2.3	2.3	2.4	2.3	2.2	% of Total
5.0	2.5	8.5	3.8	(12.2)	% Change
\$ 42,724	\$ 37,386	\$ 35,338	\$ 33,066	\$ 30,829	Departmental & Other
3.3	3.1	3.1	3.0	2.8	% of Total
14.3	5.8	6.9	7.3	(15.3)	% Change
\$ 360,020	\$ 346,317	\$ 331,431	\$ 305,908	\$ 327,330	State Distributions
28.0	28.4	28.7	27.6	29.6	% of Total
4.0	4.5	8.3	(6.5)	(11.5)	% Change
\$ 49,540	\$ 47,729	\$ 48,083	\$ 49,115	\$ 63,952	Payment in Lieu of Taxes
3.8	3.9	4.4	4.4	5.8	% of Total
3.8	(0.7)	(2.1)	(23.2)	24.5	% Change
\$ 47,373	\$ 50,086	\$ 47,252	\$ 51,157	\$ 48,724	Fines
3.7	4.1	4.0	4.6	4.4	% of Total
(5.4)	6.0	(7.6)	5.0	(6.8)	% Change
\$ 22,925	\$ 13,010	\$ 10,752	\$ 8,755	\$ 10,167	Investment Income
1.8	1.1	0.9	0.8	0.9	% of Total
76.2	21.0	22.8	(13.9)	(36.1)	% Change
\$ 19,970	\$ 15,152	\$ 16,839	\$ 16,353	\$ 16,057	Licenses & Permits
1.5	1.3	1.4	1.6	1.5	% of Total
31.8	(10.0)	3.0	1.8	19.0	% Change
\$ <u>1,287,295</u>	\$ <u>1,217,283</u>	\$ <u>1,151,466</u>	\$ <u>1,106,483</u>	\$ <u>1,104,712</u>	Total Revenues
100.0	100.0	100.0	100.0	100.0	% of Total
5.8	5.7	4.1	0.2	(1.0)	% Change

Table-3
Property Tax Levies and Collections
Last Ten Fiscal Years
(in millions of \$)

Fiscal Year	Tax Levy			Tax Levy Collected Within Year of Levy			Tax Levy Net of Refunds Collected as of June 30, 2001			All Taxes Collected in Fiscal Year ⁽¹⁾
	Gross ⁽²⁾	Net	% Gross	Gross Amount	%		Gross Levy	% Gross Levy	% Net Levy	
2001	\$ 915.8	\$ 874.0	95.4%	\$ 909.0	99.3%	104.0%	\$ 902.9	98.6%	103.3%	\$ 904.2
2000	866.2	823.9	95.1%	854.8	98.7%	103.8%	847.4	97.8%	102.9%	849.4
1999	822.4	779.7	94.8%	801.4	97.4%	102.8%	798.2	97.1%	102.4%	800.9
1998	782.2	745.2	95.3%	763.6	97.6%	102.5%	758.9	97.0%	101.8%	762.6
1997	749.6	711.6	94.9%	728.6	97.2%	102.4%	721.2	96.2%	101.3%	734.5
1996	719.9	683.1	94.9%	695.6	96.6%	101.8%	683.0	94.9%	100.0%	692.2
1995	693.4	658.5	95.0%	666.7	96.1%	101.2%	648.1	93.5%	98.4%	678.6
1994	663.0	628.0	94.7%	631.9	95.3%	100.6%	614.2	92.6%	97.8%	632.4
1993	627.4	593.4	94.6%	594.3	94.7%	100.2%	574.7	91.6%	96.8%	607.8
1992	587.0	559.2	95.3%	554.1	94.4%	99.1%	530.6	90.4%	94.9%	558.5

(1) Includes the total amount of taxes (current levy, prior levies, and tax titles), net of refunds, collected during each fiscal year since 1987.

(2) Includes omitted assessments assessed in all fiscal years and assessments for delinquent water and sewer bills of \$3.4 million, \$2.7 million, \$2.3 million and \$ 3.6 million added to tax levy in fiscal years 1995, 1994, 1993 and 1992, respectively. Water and sewer bills are rendered by the Boston Water and Sewer Commission; commencing in fiscal year 1992 certain delinquent charges were added to City tax bills.

Source: City of Boston Treasury Department

Table-4
Assessed and Estimated Actual Value of All Taxable Property
 (in thousands)
 Last Ten Fiscal Years

Fiscal Year	Real Property ⁽¹⁾		Personal Property		Total Assessed Value ⁽²⁾	Per Capita	Population ⁽³⁾
	Assessed Value	Per Capita	Assessed Value	Per Capita			
2001	\$ 47,798,286	\$ 81,152	\$ 2,696,228	\$ 4,578	\$ 50,494,514	\$ 85,730	589
2000	37,283,474	67,177	2,647,445	4,770	39,930,919	71,947	555
1999	31,508,491	56,467	2,298,778	4,120	33,807,269	60,587	558
1998	29,444,968	52,769	2,224,214	3,986	31,669,182	56,755	558
1997	26,848,842	46,434	2,205,506	3,950	29,054,348	50,384	558
1996	25,432,925	46,434	2,086,187	3,809	27,519,112	50,243	548
1995	24,216,973	42,169	2,062,605	3,592	26,279,578	45,761	574
1994	23,215,458	40,425	1,809,288	3,151	25,024,746	43,576	574
1993	23,769,097	41,389	1,744,726	3,038	25,513,823	44,427	574
1992	26,338,862	45,864	1,519,099	2,645	27,857,961	48,509	574

(1) Exempt residential properties not included.

(2) The assessed valuation of taxable property reflects 100% of the full and fair cash value.

(3) Population estimates are from U.S Department of Commerce, Bureau of the Census.

Source: City of Boston Assessing Department

Table-5

Property Tax Rates
Direct and Overlapping Governments ⁽¹⁾
Last Ten Fiscal Years

Fiscal Year	Class	Schools	City General	Total	% Change
2001	Residential	-	\$ 10.58	\$ 10.58	(19.5) %
	C.I.P.	-	30.17	30.17	(11.8) %
2000	Residential	-	13.15	13.15	(2.2) %
	C.I.P.	-	34.21	34.21	(7.6) %
1999	Residential	-	13.44	13.44	(0.2) %
	C.I.P.	-	37.04	37.04	(3.7) %
1998	Residential	-	13.47	13.47	(1.9) %
	C.I.P.	-	38.45	38.45	(7.3) %
1997	Residential	-	13.73	13.73	(0.4) %
	C.I.P.	-	41.50	41.50	(2.6) %
1996	Residential	-	13.78	13.78	(0.6) %
	C.I.P.	-	42.59	42.59	(0.2) %
1995	Residential	-	13.86	13.86	(0.8) %
	C.I.P.	-	42.66	42.66	(0.1) %
1994	Residential	-	13.97	13.97	8.5 %
	C.I.P.	-	42.72	42.72	6.8 %
1993 ⁽²⁾	Residential	-	12.88	12.88	15.2 %
	C.I.P.	-	39.99	39.99	16.7 %
1992	Residential	\$ 5.97	5.21	11.18	25.2 %
	C.I.P.	18.30	15.97	34.27	36.6 %

(1) Real and personal property tax rates are per \$1,000 of assessed value.

(2) Beginning with Fiscal Year 1993 City and Schools rates are combined.

C.I.P. = Commercial, Industrial and Personal Property.

Source: City of Boston Assessing Department

Table-6

Computation of Legal Debt Margin
(in thousands)
June 30, 2001

Equalized Valuation as of June 30, 2001 ⁽¹⁾	45,858,307	
	2.5%	5.0%
Maximum debt limits as of July 1, 2001.....	\$ 1,146,458	\$ 2,292,915
Additional Debt Capacity ⁽²⁾	100,000	(100,000)
	1,246,458	2,192,915
Less: Debt outstanding June 30, 2000 ⁽³⁾	(488,863)	(488,863)
Less: Debt authorized but unissued June 30, 2000 ⁽⁴⁾	(337,171)	(337,171)
Debt incurring capacity as of June 30, 2000.....	420,424	1,366,881
Add: Debt redeemed during fiscal 2001.....	54,043	54,043
Less: Authorization reclass statutes 7/1/00 to 1/1/01.....	(3,518)	(3,518)
Less: City council authorizations during fiscal 2001.....	(70,819)	(70,819)
Debt incurring capacity as of June 30, 2001.....	\$ 400,130	\$ 1,346,587

(1) Includes the value of Chapter 121A tax agreement properties.

(2) The Commonwealth's Emergency Finance Board approved \$100 million of debt capacity from the Double Debt Limit on December 10, 1997.

(3) The laws of the Commonwealth of Massachusetts provide for general debt limits for the City, consisting of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 2.5% of the assessed valuation of taxable property in the City as last equalized by the State Department of Revenue, and may authorize debt up to this limit without State approval. The City can also authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Emergency Finance Board.

(4) The debt authorized but unissued as of June 30, 2000 and City Council authorizations during fiscal 1999 are reported for purposes of the computation of legal debt margin within the Normal Debt Limit.

Table-7
Ratio of Net General Obligation Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
 (in thousands)
 Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Assessed Value ^{(2) (a)}	Gross Bonded Debt ⁽³⁾	Less: Self- Supporting Debt	Less: Debt Service Funds	Net Bonded Debt	Ratio of	Net Bonded Debt per Capita
							Net Bonded Debt to Assessed Value	
2001	589	\$ 47,365,164	\$ 808,815	-	-	\$ 808,815	1.7%	1,373.2
2000	555	37,497,445	763,880	-	-	763,880	2.0%	1,376.4
1999	558	33,807,269	711,020	50	-	710,970	2.1%	1,274.1
1998	558	31,669,182	654,520	100	-	654,420	2.1%	1,172.8
1997	558	29,054,348	602,225	150	-	602,075	2.1%	1,079.0
1996	548	27,519,112	566,745	200	-	566,545	2.1%	1,033.8
1995	574	26,279,578	545,355	335	-	545,020	2.1%	949.5
1994	574	25,024,740	528,660	530	4,446	523,684	2.1%	912.3
1993	574	25,513,823	524,480	5,050	4,680	514,750	2.0%	896.8
1992	574	27,857,962	566,225	6,680	5,948	553,597	2.0%	964.5

(1) Population estimates are from Bureau of the Census.

(2) The assessed valuation of taxable property reflects 100% of the full and fair cash value.

(2a) Exempt residential properties not included.

(3) Self-supporting proprietary debt and certain notes payable are not included.

(4) The Debt Service Fund at the end of Fiscal Year 1995 was eliminated by a transfer to the General Fund of funds earmarked to extinguish the Rapid Transit Debt in Fiscal Year 1996.

Table-8

**Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Government Expenditures⁽¹⁾**
Last Ten Fiscal Years
(GAAP Basis)
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total ⁽²⁾ General Government Expenditures</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
2001	\$ 75,594	\$ 37,990	\$ 113,584	\$ 1,603,889	7.1%
2000	67,140	34,258	101,398	1,536,258	6.6%
1999	63,500	35,209	98,709	1,459,550	6.8%
1998	57,574	31,857	89,431	1,345,774	6.6%
1997	54,505	32,944	87,449	1,297,404	6.7%
1996	53,595	32,189	85,784	1,235,922	6.9%
1995	53,291	29,305	82,596	1,209,846	6.8%
1994	57,410	31,861	89,271	1,022,943	8.7%
1993	53,585	34,463	88,048	981,244	9.0%
1992	53,180	32,812	85,992	1,013,551	8.5%

(1) Total principal and interest payments by the City is exclusive of Other Financing Sources.

(2) Operating Transfers Out have been excluded from all years.

Table - 9

Property Value, Construction, Bank Deposits and Retail Sales
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Assessed Property Value ⁽¹⁾			Building Permit Revenues ⁽²⁾	Bank Deposits ⁽³⁾	Retail Sales ⁽⁴⁾
	Residential ^(a)	Commercial, Industrial & Personal	Total			
2001	\$ 29,227,208	\$ 21,267,305	\$ 50,494,513	\$ 27,192	\$ N/A	\$ N/A
2000	22,235,713	17,695,206	39,930,919	17,923	N/A	N/A
1999	18,344,118	15,463,151	33,807,269	11,404	52,949,000	N/A
1998	17,456,175	14,213,007	31,669,182	14,758	44,316,000	N/A
1997	16,437,252	12,617,096	29,054,348	9,200	48,301,000	4,255,687
1996	15,709,935	11,809,177	27,519,112	11,778	34,319,000	N/A
1995	14,970,450	11,309,128	26,279,578	7,629	33,993,000	N/A
1994	14,219,593	10,805,147	25,024,740	9,040	32,793,000	N/A
1993	14,593,960	10,919,863	25,513,823	8,832	32,085,774	N/A
1992	16,086,355	11,771,607	27,857,962	9,136	33,761,555	4,180,888

(1) Source: City of Boston Assessing Department

(2) Source: City of Boston Auditing Department

(3) Source: FDIC/OTS Summary of Deposits, June 30th of year (Suffolk County)

(4) Source: U.S. Department of Commerce, Bureau of the Census, "Census of Retail Trade", 1992 and 1997 (City of Boston).

(a) Note: Exempt residential properties not included.

N/A: not available.

Table-10
Largest Principal Taxpayers ⁽¹⁾

Taxpayer	Type of Business	Personal Property ⁽⁵⁾	Real Property	Total Assessed Value	% of Total Assessed Value	Fiscal 2001 Taxes
NSTAR	Utility	\$ 1,094,125,300	\$ 76,291,152	\$ 1,170,416,452	13.4%	\$ 35,311,464
Equity Office Properties	Real Estate	-	1,727,368,488	1,727,368,488	19.7%	52,114,556
John Hancock Mutual Life Insurance Co.	Insurance	-	706,463,708	706,463,708	8.1%	21,314,010
Prudential Insurance Company ⁽²⁾	Insurance	-	572,752,212	572,752,212	6.5%	17,279,934
Fort Hill Associates	Real Estate	-	615,592,016	615,592,016	7.0%	18,572,411
Verizon ⁽³⁾	Utility	293,532,100	136,115,147	429,647,247	4.9%	12,961,322
Massport ⁽⁴⁾	State Authority	-	533,152,500	533,152,500	6.1%	10,501,526
UIDC of Massachusetts, Inc.	Real Estate	-	412,621,512	412,621,512	4.7%	12,448,791
One Twenty Five High Street	Real Estate	-	477,567,988	477,567,988	5.4%	14,408,226
Dewey Square Tower Associates	Real Estate	-	358,321,996	358,321,996	4.1%	10,810,575
Olympia & York State Street Co.	Real Estate	-	351,145,012	351,145,012	4.0%	10,594,045
Equitable Federal Street Realty Co.	Real Estate	-	369,318,496	369,318,496	4.2%	11,142,339
Clarence W. Peterson (One Federal Street)	Real Estate	-	317,776,488	317,776,488	3.6%	9,587,317
Cornerstone Properties	Real Estate	-	723,257,508	723,257,508	8.3%	21,820,679
		\$ 1,387,657,400	\$ 7,377,744,223	\$ 8,765,401,623	100.0%	\$ 258,867,195

(1) This table is compiled through a literal search of the named owner or owners of all major parcels of property in the City. This methodology does not necessarily locate parcels owned by affiliates nor does it differentiate percentage of ownership in a particular parcel.

(2) Includes an estimated \$2,076,773 in-lieu-of tax payment received from a taxpayer constituted as an urban redevelopment corporation organized under Chapter 121A of the Massachusetts General Laws.

(3) Bell Atlantic is the owner of record of the property used to calculate these amounts. Bell Atlantic is now known as Verizon.

(4) This payment is an in-lieu-of tax payment, expressly permitted by statute and paid pursuant to a contract with the City.

(5) Pursuant to Chapter 59 of the General Laws, Section 4, personal property consists of movable physical items not permanently attached to real estate. Many items of personal property are exempt from taxation in Massachusetts. There are three general types of personal property that are taxable: business and professional furnishings; household furnishings in property other than the principal residence (for example, a summer house); and personal property of public utilities.

Source: City of Boston Assessing and Treasury Departments.

Table 11**Boston's Largest Private Sector Employers**
(with 1,000 + employees)

Beth Israel/Deaconess Medical Center	Liberty Mutual
Boston College	Massachusetts Eye & Ear Infirmary
Boston Medical Center	Massachusetts Financial Services
Boston University	Massachusetts General Hospital
Brown Brothers Harriman	New England Financial
Brigham and Women's Hospital Inc.	New England Medical Center
Carney Hospital	Northwest Airlines
Children's Hospital Medical Center	Northeastern University
Dana-Farber Cancer Institute	NSTAR
Delta Airlines	New England Baptist Hospital
Faulkner Hospital	Putnam Investments
Federal Reserve Bank of Boston	Shaw's Supermarkets
Filene's	St. Elizabeth's Medical Center
Fleet Boston Financial	State Street Corp.
FMR Corporation (Fidelity Investments)	Stop & Shop Supermarkets
Gillette Company	Thomson Financial Services
Harvard University Business and Medical Schools	USAir
John Hancock	WGBH

Note: The following companies were surveyed but did not respond and it is likely that they employ 1,000 or more persons: UNNICO Services, Liberty Financial Cos. Inc., Teradyne, Inc., Commercial Union Insurance, Citizen's Bank, Pricewaterhouse Coopers LLP, The Boston Consulting Group, The Boston Globe, Verizon (formerly Bell Atlantic), and Macy's.

Source: Survey by BRA/EDIC, conducted in 2000 - 2001.

Table-12

Comparative Office Vacancy Rates
20 Largest Downtown Office Markets
As of June 30, 2001

City	Vacancy Rate	City	Vacancy Rate
Manhattan, Midtown	3.2 %	Chicago	7.9 %
Boston	3.4	Minneapolis-St. Paul	8.0
Washington, D.C.	3.7	Baltimore	8.2
Manhattan, Downtown	4.2	San Diego	8.3
Seattle	4.2	Philadelphia	8.8
Oakland	5.1	Phoenix	10.8
Denver	6.2	Los Angeles	15.0
Houston	6.3	Kansas City	15.4
San Francisco	7.0	Detroit	17.8
Atlanta	7.9	Dallas-Fort Worth	22.7

National Average ⁽¹⁾ 7.0%

(1) National average is based on 49 U.S. cities (downtowns) from the CB Richard Ellis Office Vacancy Index.

Table-13

Building Permit Revenue and Estimated Construction Activity
(in thousands)
Last Ten Fiscal Years

Fiscal Year	Building Permit Revenue ⁽¹⁾	Est. Potential Construction Activity ⁽²⁾	Est. Potential Construction Activity Adjusted For Inflation ⁽³⁾
2001	\$ 27,192	\$ 3,199,040	\$ 3,199,040
2000	17,923	2,108,547	2,211,517
1999	11,404	1,341,648	1,456,470
1998	14,758	1,736,200	1,916,717
1997	9,200	1,082,338	1,219,809
1996	11,778	1,385,606	1,614,547
1995	7,629	897,576	1,073,682
1994	9,040	1,063,524	1,308,633
1993	8,832	1,039,097	1,292,886
1992	9,136	1,074,848	1,388,559
Total	\$ <u>126,892</u>	\$ <u>14,928,424</u>	\$ <u>16,681,860</u>
Annual Average 1992-2001	\$ <u>12,689</u>	\$ <u>1,492,842</u>	\$ <u>1,668,186</u>

(1) Building permit revenue in current dollars.

(2) Construction activity estimated by dividing permit revenues by 0.85%, which is the midpoint between permit fees calculated at 0.7% of the first \$100,000 and 1% for the remainder of development cost.

(3) Estimated potential construction activity adjusted to January 2001 constant dollars (CPI-U).

Source: City of Boston, Auditing Department, City of Boston Annual Reports and Boston Redevelopment Authority, Policy Development and Research Department.

Table-14
Employment Trends by Industry
 Last Five Calendar Years

Industry	1996	1997	1998	% Change 1996-1998	1999	2000	% Change 1999-2000
Fishing, Mining, Agriculture	1,188	1,264	1,299	9.3%	1,545	1,732	12.1%
Construction	12,928	13,678	15,811	22.3%	18,982	20,091	5.8%
Manufacturing	29,039	28,425	29,502	1.6%	28,308	27,993	-1.1%
Transportation/Comm./Utilities	36,059	36,767	36,800	2.1%	36,938	38,402	4.0%
Retail and Wholesale Trade	78,566	78,952	81,441	3.7%	83,203	84,092	1.1%
Finance/Insurance/Real Estate	97,168	101,257	104,352	7.4%	108,157	107,963	-0.2%
Services	280,618	288,866	296,767	5.8%	312,534	320,191	2.4%
Government	88,984	89,310	90,857	2.1%	93,527	93,181	-0.4%
Total	624,550	638,519	656,829	5.2%	683,194	693,645	1.5%

Figures for 1996 to 1998 are based on U.S. Bureau of Economic Analysis Series for Suffolk County, June 2001, Revised Series (BEA Series), pro-rated to Boston geography. Data for 1999 and 2000 is based on Massachusetts Department of Employment and Training ES-202 series (this series represents payroll jobs covered by the unemployment security system). These Boston employment data are used to derive an equivalent 1999 and 2000 BEA series (for all jobs, full and part-time).

Table-15

Annual Unemployment Rates
Last Ten Fiscal Years

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>June ⁽¹⁾ 2001</u>
City	8.0 %	6.6 %	5.8 %	5.4 %	4.5 %	4.2 %	3.9 %	3.1 %	3.3 %	2.9 %
Boston PMSA ⁽²⁾	7.5	6.0	5.2	4.7	3.7	3.4	3.0	2.5	2.9	2.9
Massachusetts	8.6	6.9	6.0	5.4	4.3	4.0	3.5	3.1	3.2	3.4
New England	8.1	6.8	5.9	5.4	4.8	4.4	3.6	3.3	2.8	3.2
United States	7.5	6.9	6.1	5.6	5.4	4.9	4.7	4.4	3.9	4.5

(1) Monthly rates are not seasonally adjusted. Most recent data are preliminary and subject to revision.

(2) Primary Metropolitan Statistical Area, consisting of the City and 129 contiguous municipalities, with a population of approximately 3.2 million in 1990 according to the U.S. Census data.

Sources: U.S. Bureau of Labor Statistics for the United States, New England and Massachusetts, and The Massachusetts Division of Employment and Training.

City of Boston, Massachusetts

Table - 16

GENERAL INFORMATION

CITY GOVERNMENT

Date of incorporation.....	1822
Present charter first adopted.....	1909
Form of government.....	Mayor / City Council

GEOGRAPHICAL DATA

Altitude.....	28 feet above sea level
Area (square miles):	
Land.....	43.2
Water.....	2.2
Climate:	
Annual average temperature.....	59.8
March 2001 average temperature	38.8
June 2001 average temperature	67.8
Rainfall in inches as of June 30, 2001.....	20.9

ELECTIONS

Registered voters as of June 30, 2001.....	253,820
% voted in last election (Presidential).....	72.4

CITY EMPLOYEES

Total number of employees.....	19,279
City and county.....	9,045
School department.....	8,279
External.....	1,955

FIRE PROTECTION

Officers and personnel.....	1,711
Stations.....	34
Calls answered.....	77,573
Inspections conducted.....	88,908

POLICE PROTECTION

Officers and personnel.....	3,028
Stations.....	11
Service calls answered.....	496,079
Moving/traffic Violations.....	196,455
Parking violations as of 6/30/01.....	1,752,197

HOSPITALS

Number of hospitals.....	12
Patient beds.....	3,919
Births as of June 30, 2001.....	23,973
Deaths as of June 30, 2001.....	8,775

LIBRARY

Personnel full-time.....	559
Personnel part-time.....	135
Central and branch libraries.....	27
Mobile units.....	1
Books, audio and video materials, newspapers and magazines in circulation.....	2,468,754
Library cards in force.....	1,063,616

PUBLIC EDUCATION

Student enrollment.....	62,075
Total number of BPS employees.....	10,348
Total number of schools.....	130

STREETS, SIDEWALKS AND BRIDGES

Streets paved in miles.....	784
Sidewalks in miles.....	1,500
Traffic signals.....	792
Parking meters.....	7,135
Bridges.....	4

PARKS AND RECREATION

Personnel.....	235
Major parks.....	4
Neighborhood and community parks.....	215
Neighborhood playgrounds.....	192
Community recreation centers.....	42
Golf courses.....	2
Swimming pools.....	26
Tennis courts.....	60

BOSTON LOGAN AIRPORT

Acreage.....	2,400
Miles of runway.....	5
Miles of taxiway.....	14
Domestic and international airlines.....	55
Passengers served in 2000 (approximately).....	26 million

Sources: The City of Boston Elections department, Budget office, Public Works, and Parks/Recreation department, Boston Police department and Fire department, National Weather Service, Massachusetts Hospital Association, Logan International Airport, and the Boston Public Library.



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